

BUSINESS WEEK

175
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INDEX
YEAR
AGO



Hammacher, Schlemmer's John Gerald woos the rich with old traditions (page 133)

A MCGRAW-HILL PUBLICATION

APR. 28, 1956

E B POWER
UNIVERSITY MICROFILMS
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ANN ARBOR MICH
C 8

"National Machines save us \$843,000 a year ...

Return 133% annually on the investment"



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"National Accounting Machines at Hilton and Statler front-desks keep guests' accounts posted up to the minute and ready when the guest checks out. These, and our other

National Accounting Machines, also provide our hotels automatically with valuable information from their various departments, thus further promoting efficient guest service.

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H. S. Hoer

Treasurer and Comptroller
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GENERAL BUSINESS

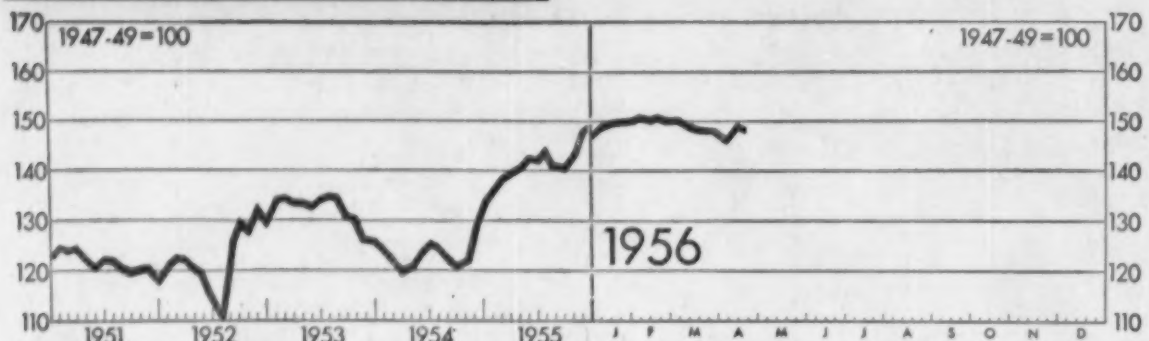
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FIGURES OF THE WEEK



BUSINESS WEEK INDEX (chart) **1946 Average 91.6 Year Ago 142.2 Month Ago 148.9 Week Ago 149.6 Latest Week 148.5**

PRODUCTION

Steel ingot (thous. of tons).....	1,281	2,307	2,452	12,466	2,454
Automobiles and trucks.....	62,880	225,074	167,519	175,678	169,576
Engineering const. awards (Eng. News-Rec. 4-wk daily av. in thous.).....	\$17,083	\$60,377	\$84,313	\$75,090	\$77,863
Electric power (millions of kilowatt-hours).....	4,238	9,697	11,134	10,918	10,894
Crude oil and condensate (daily av., thous. of bbls.).....	4,751	6,832	7,163	7,156	7,130
Bituminous coal (daily av., thous. of tons).....	1,745	1,402	1,538	1,653	1,675
Paperboard (tons).....	167,269	263,794	285,966	285,493	281,098

TRADE

Carloadings: miscellaneous and L.L. (daily av., thous. of cars).....	82	71	72	72	74
Carloadings: all others (daily av., thous. of cars).....	53	41	43	46	50
Department store sales (change from same wk of preceding year).....	+30%	-13%	-3%	-15%	+11%
Business failures (Dun & Bradstreet, number).....	22	204	208	255	252

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	311.9	400.7	413.8	423.0	424.3
Industrial raw materials, daily index (BLS, 1947-49 = 100).....	173.2	92.7	99.2	100.3	99.4
Foodstuffs, daily index (BLS, 1947-49 = 100).....	175.4	86.5	78.2	81.0	82.1
Print cloth (spot and nearby, yd.).....	17.5¢	18.5¢	19.5¢	19.5¢	19.4¢
Finished steel, index (BLS, 1947-49 = 100).....	176.4	144.8	157.1	157.1	157.1
Scrap steel composite (iron Age, ton).....	\$20.27	\$35.67	\$52.50	\$55.50	\$55.50
Copper (electrolytic, delivered price, E & M.J. lb.).....	14.045¢	36.000¢	46.840¢	46.355¢	46.230¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$1.97	\$2.49	\$2.32	\$2.39	\$2.32
Cotton, daily price (middling, 14 designated markets, lb.).....	**30.56¢	33.34¢	35.55¢	35.55¢	35.39¢
Wool tops (Boston, lb.).....	\$1.51	\$2.00	\$1.76	\$1.74	\$1.73

FINANCE

90 stocks, price index (Standard & Poor's).....	135.7	303.1	385.8	380.5	376.9
Medium grade corporate bond yield (Baa issues, Moody's).....	3.05%	3.49%	3.61%	3.69%	3.72%
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate).....	¾-1%	1½-2%	3%	3%	3¼%

BANKING (Millions of Dollars)

Demand deposits adjusted, reporting member banks.....	145,820	56,613	56,500	56,211	56,713
Total loans and investments, reporting member banks.....	171,916	84,864	86,489	85,447	85,487
Commercial and agricultural loans, reporting member banks.....	9,299	22,530	27,711	27,683	27,770
U. S. gov't guaranteed obligations held, reporting member banks.....	49,879	34,063	28,654	27,696	27,695
Total federal reserve credit outstanding.....	23,888	25,175	25,754	25,481	25,497

MONTHLY FIGURES OF THE WEEK

McGraw-Hill Indexes of New Orders (1950 = 100)	1946 Average	Year Ago	Month Ago	Latest Month
New orders for machinery, except electrical.....	N.A.	110	151	141
Construction & mining machinery.....	N.A.	147	159	190
Engines & turbines.....	N.A.	132	207	169
Pumps & compressors.....	N.A.	151	184	132
Metalworking machinery.....	N.A.	135	213	223
Other industrial machinery.....	N.A.	114	145	144
Office equipment.....	N.A.	129	135	157
New contracts for industrial building.....	N.A.	109	226	276
Cost of living (U. S. Dept. of Labor BLS, 1947-49 = 100).....	83.4	114.3	114.6	114.7
Imports (in millions).....	\$412	\$850	\$1,073	\$1,049

* Preliminary, week ended April 21, 1956

† Revised.

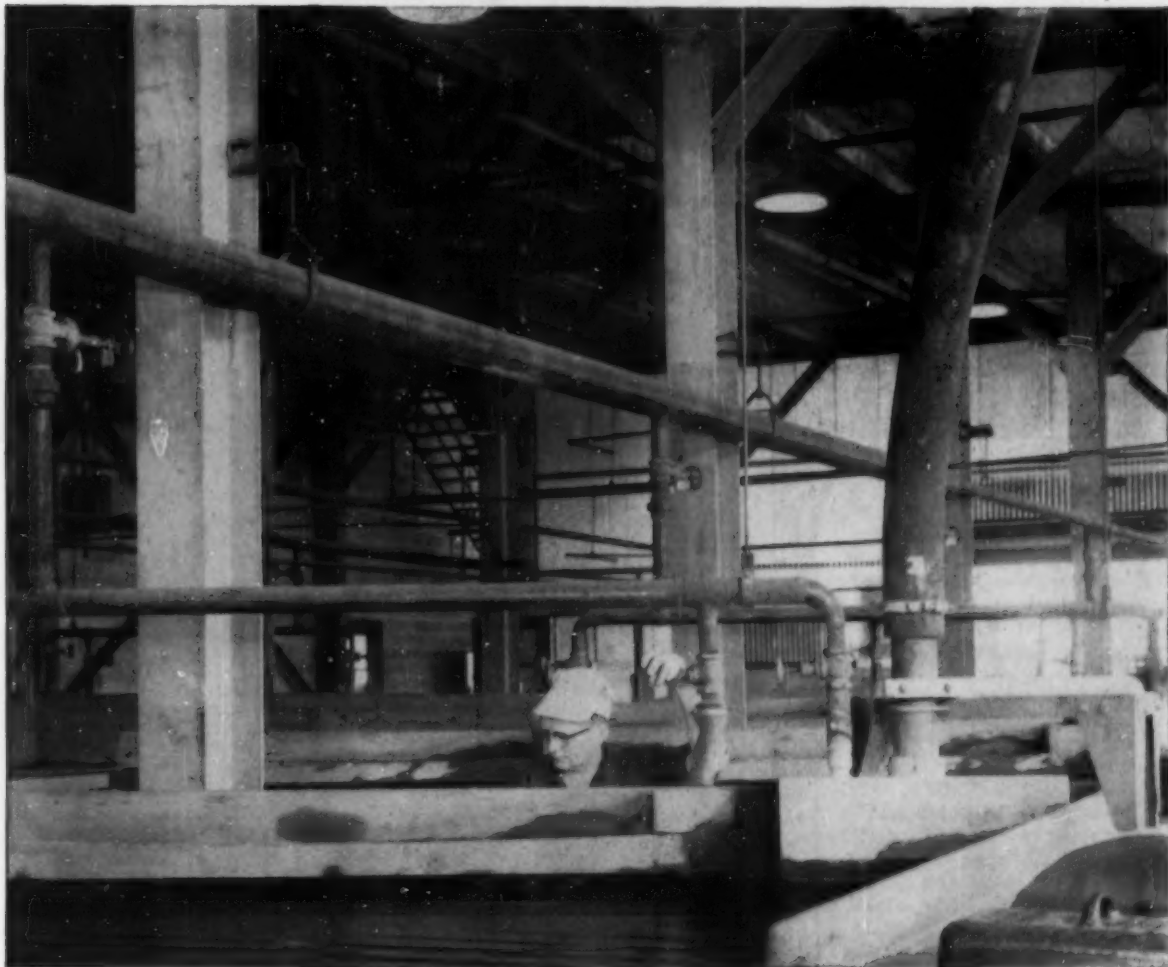
†† Estimate.

‡ Ten designated markets.

§ Date for 'Latest Week' on each series on request.

THE PICTURES—American Institute of Management—57 (rt.); Caterpillar News Service—178; Grant Compton—Cover, 30, 86, 87, 97 (bot.), 98, 133, 134, 135; General Electric Co.—175, 176, 180; Harris & Ewing—25 (lt.); I.N.P.—65 (top); Bob Isaac—25 (rt.); Herb Kratochvil—26, 27, 186; Ed Nease—138, 139, 140, 141; Port of N. Y. Authority—97 (top); Mike Shea—57 (lt.); Union Carbide & Carbon Corp.—23 (top lt.); U. P.—28-9; W. W.—23 (bot. lt.), 65 (bot. 2); John Zimmerman—23 (bot. rt.)

B.F. Goodrich



Hose swallows coal that's dug out of a river

A typical example of B. F. Goodrich improvement in rubber

FROM the bottom of a nearby river comes the coal used in an eastern power plant. The coal, along with silt, sand and water, is dredged from the river, and pumped into this building where the coal is separated.

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wear-resisting rubber known. Another hose just like this has even swallowed 10-pound chunks of iron ore without damage. So, in this power plant, after 18-hour-a-day use for over a year, the B. F. Goodrich hose is still in such good shape that engineers expect it to last another three years.

B. F. Goodrich has made hundreds of improvements in dozens of kinds of hose to make them last longer, cost less. Most improvements, while making the hose stand more abuse, have also made it more flexible and easier to handle. B. F. Goodrich makes hose to

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B.F. Goodrich
INDUSTRIAL PRODUCTS

From "My Life with the Big Cats," by Alfred Court, by permission of Simon and Schuster, Inc. © 1955.

HOLD THAT TIGER

He kisses tigers too! How the world's No. 1 animal trainer tames tigers made an exciting story in a recent issue of PARADE, the Sunday magazine. So exciting, it was read by seven out of ten readers. Making people stop, read and remember is nothing new for PARADE. Independent surveys show this is the best read magazine in America—bar none. To advertisers this means twice as many readers per dollar in PARADE as in the big weekday magazines. It all adds up: to open new markets, establish brand names and build sales all week long . . . PARADE has what it takes.



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READERS REPORT

The Troubled South

Dear Sir:

I was interested in the article *Business in a Troubled South* [BW—Mar. 24 '56, p31]. I think this article will leave the uninformed reader with an impression of an area where acute racial tensions now threaten to seriously slow the remarkable industrial development which it has enjoyed since the end of World War II. . . .

It is understandable that less favored sections would seek to slow the movement of industry to the south, but factual reporting must record that the problem of race relations is not confined to the South, nor is it nearly as serious in the South as in certain other sections where the proportion of Negroes is high. . . .

Actually, we have observed no slackening of interest on the part of industry in the establishment of new plants in the deep South. . . . Last year 132 large new industrial plants, representing an aggregate capital investment of nearly \$300-million were established within this area. . . . Our list of industrial prospects actively interested in this area is presently more promising than it has ever been.

Our industrial development people are in constant touch with industrialists over the country. A check with them reveals no instance where the racial question has adversely affected a decision as to plant establishment in the South. . . .

E. A. YATES

CHAIRMAN OF THE BOARD
THE SOUTHERN CO.
NEW YORK, N. Y.

Dear Sir:

. . . Upon reading the statement of Leonard Yaseen, President of Fantus Factory Locating Service (page 31) my curiosity was aroused as to the number of hours of work stoppage caused by racial discord in the South since the end of World War II. I [checked] the AP and UP throughout the Southeast and Southwest. The survey came up with a work stoppage total of "zero" hours.

Contrary to Part III of your article wherein you state that all signs point to a decline in the speed of industrial development, Mississippi (this community included) right now has the highest degree of inquiries and industrialists exploring our area that has

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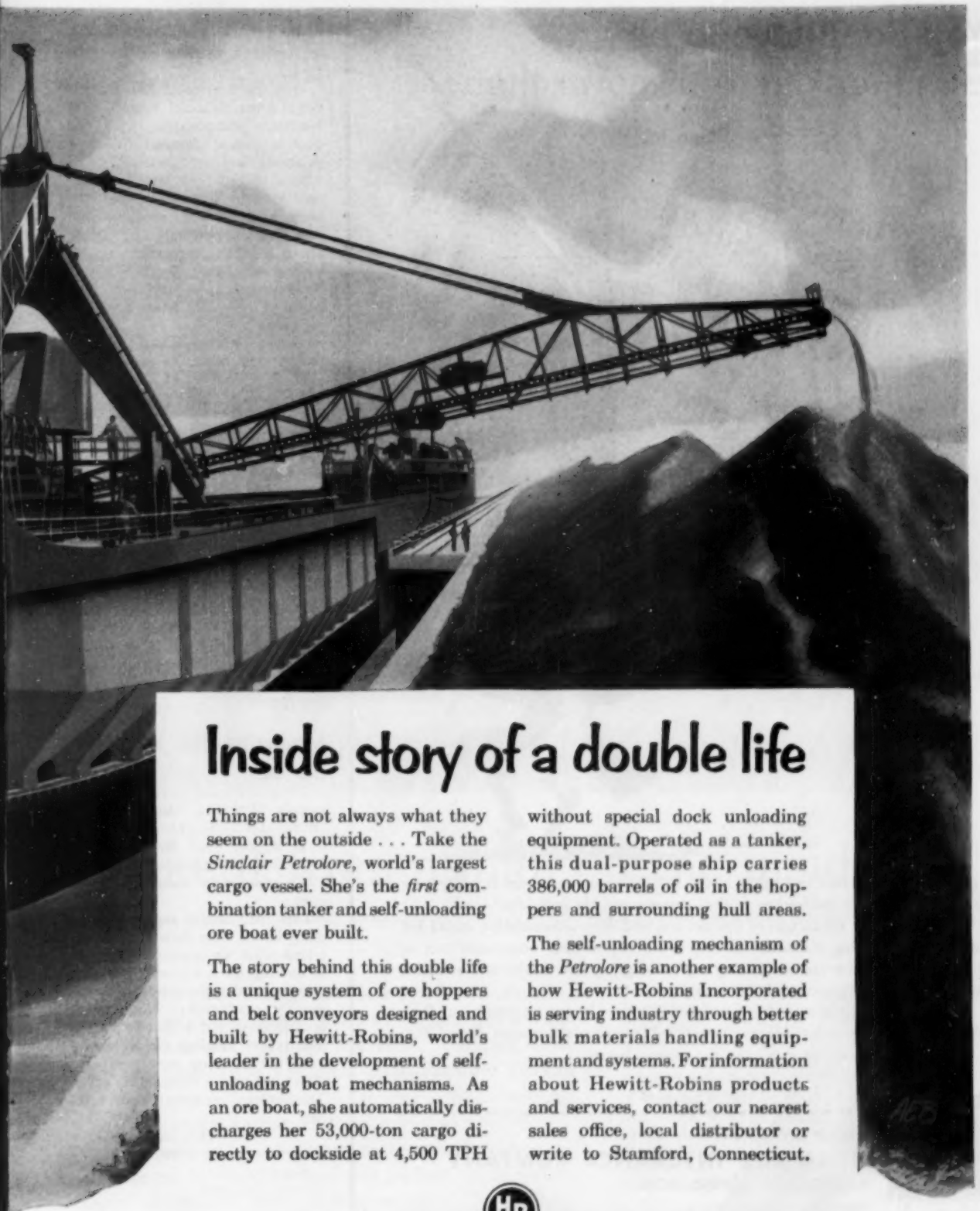
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occurred since the '52-'53 high. It is my personal feeling that interest is higher now than at that period. . . .

It is my firm belief that the national press, financial interests, and Northern industrialists who find that consumer demand for their products warrant production facilities in this vast area, will improve their economics and the economics of this area through new job opportunity by going ahead with expansion plans throughout the Southeast and Southwest. . . .

BOYD RIDGWAY

MANAGER
CHAMBER OF COMMERCE
GREENVILLE, MISS.

Standard Oil (Cal.) In

Dear Sir:

Fie on you for leaving out of this year's Billion-Dollar Club [BW—Apr. 14 '56, p154] Standard Oil Co. (Cal.) after previously faithfully carrying it as a member for so many years.

WILLIAM H. BAKER
FOREST HILLS, N. Y.

• With assets totalling \$1,856-million at the close of 1955, 136.4% larger than at the 1946 year end, Standard Oil (Cal.) rightfully ranks as the nation's 16th non-financial enterprise.

Magazine-like Report

Dear Sir:

I was interested to read of Monsanto's "Life-like" annual report [BW—Mar. 17 '56, p112—An Annual Report That Reads Like a Magazine]. It reminded me of our 1952 experiment along the same lines.

Our 1952 annual report brought many letters from those who appreciated what we were trying to do in making the company's story interesting and understandable to the average stockholder. However, it is of interest that in that year's annual report judgments (in which we have always done very well) we didn't get even a consolation prize. The judges' reason: Too Life-like. . . .

HOWARD SKIDMORE
THE CHESAPEAKE & OHIO
RAILWAY CO.
CLEVELAND, OHIO

Dear Sir:

Monsanto Chemical Company's annual report that reads like a magazine is a tremendous idea. . . . We have followed a similar pattern



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SILICONE NEWS LETTER

Silicones Are Effective Salesmen

Dow Corning Silicones have helped many manufacturers add new sales appeal to their products or cut production costs. Industrial buyers and end consumers alike have learned that silicones save time and money by increasing life and improving performance of products ranging from aircraft to shoes. Here are a few examples of competitive advantages gained through the use of silicones. Return coupon for additional information.



Silicone RUBBER increases meter capacity 400%. By using coil insulation made of Silastic®, Dow Corning's silicone rubber, Duncan Electric Mfg. Co. is able to offer 50-amp current and watt hour demand meters that can handle loads as high as 200 amps in units no larger than standard meters. With this built-in provision for future expansion—average household power requirements are doubling every 8 to 10 years—Duncan enjoys the important competitive advantages of extra capacity plus the all-weather reliability of Silastic insulation. **No. 18**



Silicone PAINT cuts cost of putting beauty in trailer tubs. Porcelain enamel was expensive to apply, easily damaged in handling, and added 25 pounds to the weight of house trailer bath tubs made by Sherer-Gillett. By using a silicone-based paint, this manufacturer is now able to offer a lighter, more durable tub with excellent resistance to alkali, acids, humidity and salt spray. Moreover, this finish can be applied in the S-G plant to permit a more integrated operation and to cut production costs. **No. 19**



Silicone INSULATION saves \$3000 on Tidelands motor. This open-type 300 hp "Sil-Clad" motor, built by Electric Machinery Mfg. Co., operates in the most severe Gulf weather. Windings are insulated with Dow Corning's silicone resins and a tape made with Silastic. Manufacturer states this motor costs up to \$3000 less; gives more reliable service, provides greater resistance to corrosion than Class A or B totally enclosed, fan cooled motors of the same rating. **No. 20**



Silicone TREATMENT makes glass containers more durable. Faster bottling, less breakage, more attractive appearance—these are competitive advantages enjoyed by packers using glass containers treated with a new Dow Corning silicone. This silicone surface treatment reduces most impacts to harmless glancing blows. Treated glass surfaces also have far greater resistance to scratching during filling, packing and shipping. Thus, products go to market looking better and returnable bottles retain their original attractiveness much longer. **No. 21**

* U. S. REG. U. S. PAT. OFF.

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Please send me more information on: 18 ☐ 19 ☐ 20 ☐ 21 ☐

☐ "What's a Silicone", 32 page illustrated booklet

☐ 1956 reference guide to Dow Corning silicone products

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for our last two annual reports to member firms and the community. Our monthly LOUISVILLE magazine has carried the reports in special sections each December. . . .

At the end of the first five years of operation, in December, 1954 we made our annual report a resume of the billion dollar growth of the Louisville area during those five years, concentrating on industrial development. Our 1955 report covered "facilities for growth"—streets, superhighways, sewers and drainage, gas and electric power, water, flood protection, and bridges.

While our annual reports had previously been received with utmost calm, these two have aroused an astounding amount of comment. . . .

HELEN G. HENRY

DIRECTOR
PUBLICATIONS DIV.
LOUISVILLE CHAMBER OF
COMMERCE
LOUISVILLE, KY.

Critical Health Age

Dear Sir:

I would like to raise one question on the article Critical Health Age: 30-40 [BW—Mar.3'56,p56]. The students have been very much interested in your stories on the health of executives. However, I am wondering if [you] did not overshoot the mark a little bit on this one. Some of the students' reactions were that if their health is going to give out before they're 40 perhaps they had better not try to become executives. . . .

P. D. CONVERSE

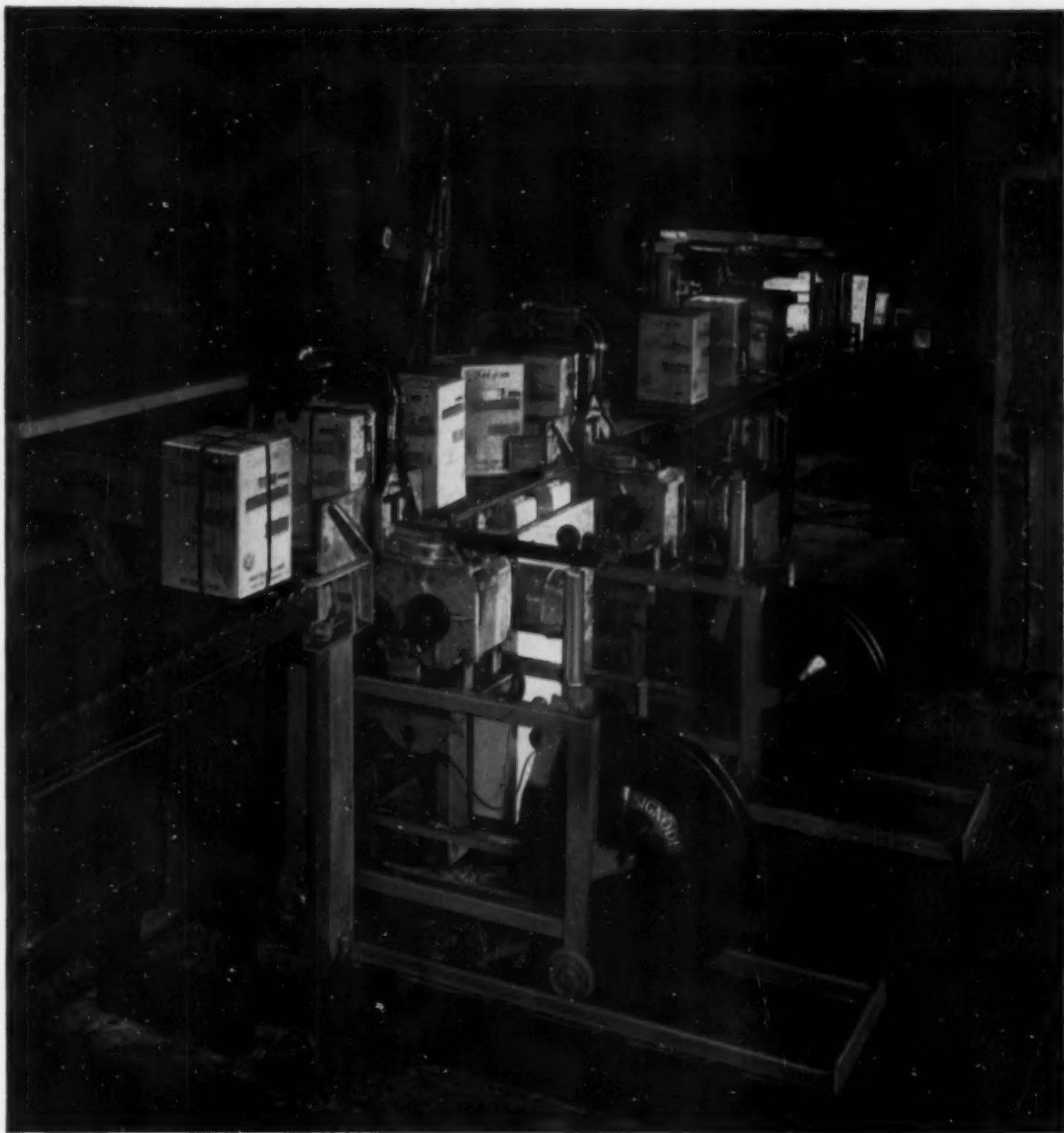
PROFESSOR OF MARKETING
UNIV. OF ILLINOIS
URBANA, ILL.

Competition Within

Dear Sir:

The article entitled Competition Within the Family [BW—Mar.24 '56,p43] was particularly interesting to me because I had just completed work on an N.A.C.A. research study dealing with this same topic. In the course of this study, it became evident that while a number of companies have explored the subject and have adopted practices similar to those in force at General Electric, there is almost no published material describing these practices. Consequently, your article helps to fill an important gap in modern management literature.

In our N.A.C.A. project, we studied the intra-company sales



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A steady stream of packages get strapped—and nobody's there. These Signode machines do it by themselves. Not all plants are ready for such automation, but these machines are ready and are running in several plants. They are one of many Signode ways to make your product cost less to handle, store, ship and receive. For high strength at low cost, you can't beat steel strapping to hold things together or in place. It will pay you to see your Signode representative. No obligation. Just write:

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This is but one example of MATICO's constant efforts to maintain quality leadership in its field. If you are thinking about new floors—get all the facts on the fine MATICO Tile Floors listed below. For your nearest MATICO dealer look under "Floors" in your classified telephone directory. Wherever you go it's MATICO—quality floors for America's homes, businesses and institutions.

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policies and procedures used by 40 leading companies. The trend toward decentralized responsibility for profits was very evident among these companies. However, we also found that a variety of problems must be met and solved if such a form of organization is to work satisfactorily. Among these problems are the inter-unit pricing of goods made primarily for use within the company (auto engines, for example). There must also be centrally administered inter-unit trading policies to coordinate actions of individual divisions in the interest of the company as a whole.

These points and others are explained and illustrated by examples of company practice in a report to be published shortly by N.A.C.A.

W. B. McFARLAND

SUPERVISOR OF RESEARCH
NATIONAL ASSN. OF COST
ACCOUNTANTS
NEW YORK, N. Y.

Hot Trailer Ships

Dear Sir:

I was very much interested in the article Will "Fishyback" Pep Up Coastal Shipping? [BW—Mar. 24'56,p180]. It was an excellent summary of the status of the various companies interested in this type of operation.

An interesting comment was made to me at the Maritime Commission just the other day. The man to whom I spoke said, "You know, trailer ships are the hottest thing we have these days." . . .

JOHN B. HULSE

MANAGING DIRECTOR
TRUCK-TRAILER MANUFACTURERS
ASSN., INC.
WASHINGTON, D. C.

So Few Mechanics

Dear Sir:

Your analysis of the problem, cause, and cure of the auto mechanic situation in So Few Mechanics for the Job [BW—Feb. 25 '56,p75] was most revealing.

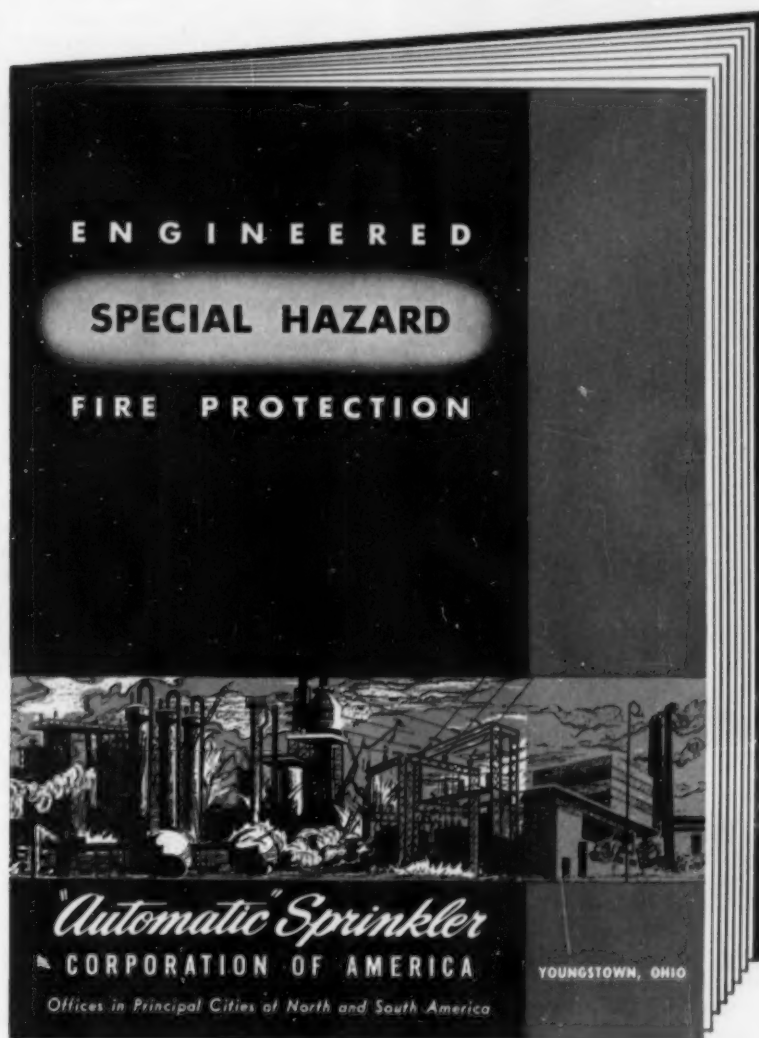
We are pleased that many automobile manufacturers, auto supply, fuel, and fuel supply companies have selected International Correspondence Schools as the instrument to develop and supplement their training programs.

ICS has been aware of the auto mechanic problem since 1908 when our School of Mechanical Engineering first introduced automobile courses into its curriculum. . . .

Annually since then, thousands of students have enrolled in the School of Automobiles directly and

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How Rate-of-Rise Systems Operate
Advantages of Rate-of-Rise Fire Protection
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Smoke Detection
Vapor Detection
Methods of Fire Prevention, Control and Extinguishment
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FIRE-FOG Extinguishment
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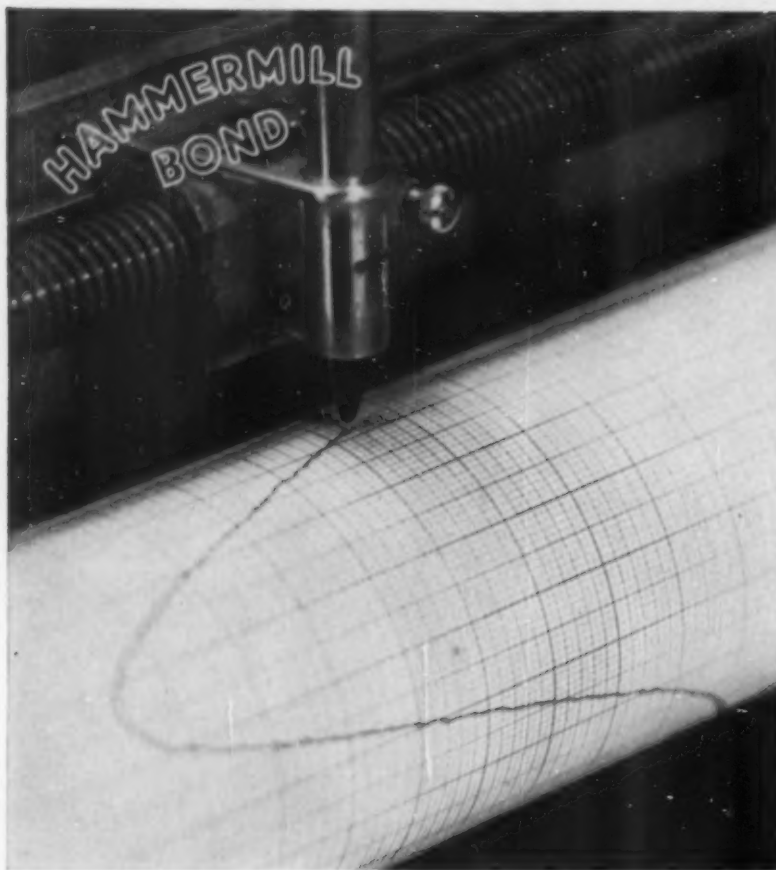
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ANY TIME you reorder white or one of the 12 Hammermill Bond colors, you get a match for the shade you first selected, maybe many months ago.

A sample of each new Hammermill color is put into a scientific instrument, the spectrophotometer. A beam of light, broken into a spectrum, sorts out the separate hues that combine to create the new color. Then both the wave-length and amount of each hue are recorded in black and white on a graph to provide a permanent record.

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We pioneered the use of this costly technique because it's the only way to be sure you get the shade of paper you expect, order after order. It's just one of the hundreds of quality controls that make

Hammermill Bond (1) *print* better, (2) *type* better, (3) *look* better. Hammermill Paper Company, Erie, Pennsylvania.

Printers everywhere use Hammermill papers. Many display this shield.



**-yet
HAMMERMILL
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-and actually less than many other watermarked papers

additional thousands have studied auto courses in other ICS schools under the Selective Unit Plan which permits them to take only those subjects required to meet immediate training needs. . . .

The efforts made by the automobile and associated industries to solve recognized problems are laudatory and commendable. We . . . have no doubt that the industry will keep pace with the increased demands made upon it.

WILLIAM J. WILLIAMS

DIRECTOR
SCHOOLS OF AUTOMOBILES AND
SHOP PRACTICE
INTERNATIONAL CORRESPONDENT
SCHOOLS
SCRANTON, PA.

Expensive Patents

Dear Sir:

After reading and reflecting on Reader Robbins' letter [BW—Apr. 7'56,p12] I am beginning to wonder if this is not closing the door for the independent inventor and smaller business. . . .

To me this is really a sorry state of affairs . . . what is to become of small business when it can not afford the costs of adequate patent research and protection?

. . . I constantly read about the new inventions and progress made abroad, about more engineers educated in Soviet Russia yearly. With all our colleges, libraries, and enormous wealth and production resources available our pace of inventive progress has been slowing down, partly due to inadequate incentives and compensation during the past two decades.

S. S. CRAUSE

AVON, OHIO

Firemen Unnecessary?

Dear Sir:

In your first news article [BW—Mar.17'56,p178] the carriers cite the unnecessary need of firemen. The union argues that "a fireman fills a safety role as a lookout and standby engineer-trainee able to help out in any emergency. . . ." This aroused my curiosity. If they are so necessary, then where were the firemen when the engineer blacked out on the recent Los Angeles Sante Fe wreck? And what about the other wreck in the East where one train plowed into another? What happened to the firemen in any of these. Personally, I'd be tempted to feel that the carriers might be right.

R. PAULSON

LA JOLLA, CALIF.



When shipments slowed down, Eddie used to run fast
To escape from the boss' volcano-like blast.



Now their shipping is handled with speed and finesse
'Cause they call on dependable **RAILWAY EXPRESS!**

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Whether you're sending or receiving,
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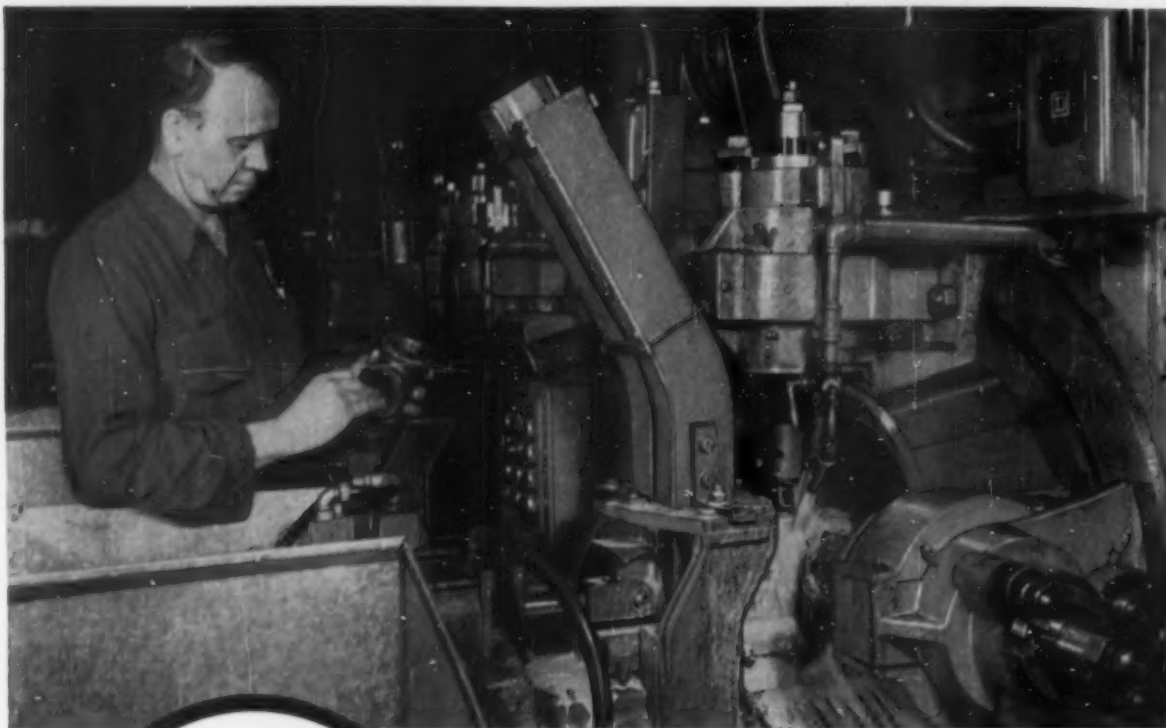
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**THE
TOUGH JOBS
GO TO
TEXACO**

"WE PROVED IT PAYS TO USE TEXACO!"

THESE ARE THE WORDS of Mr. Robert Welch, General Foreman, Detroit Brass & Malleable Co., Wyandotte, Michigan. This company is one of the largest manufacturers of plumbing and drainage fittings in the midwest. They had been using Texaco Soluble Oil C in their automatic tapping machines for 15 years. Results were excellent—but how about economy? To get the answer, Texaco was tested against 14 other brands. On the basis of the test, machines were changed over to a less expensive oil that *seemed* equal to Texaco. Here's what happened—in the words of Mr. Welch: "After 30 days with the new oil, tool life was shorter than it had been with Texaco, and rusting was a serious problem. We went right back to Texaco, and are again getting longer tool life, better finish without a trace of rust, and more profitable production."

DETROIT BRASS & MALLEABLE CO. is just one of the many well-known firms which have achieved top results with Texaco. There are three good reasons for this wide acceptance: *field-proven* Texaco lubricants, developed with the aid of the finest research facilities available . . . *field-experienced* Texaco Lubrication Engineers to advise on their use . . . and *fast, efficient service* from over

2,000 Texaco Distributing Plants in all 48 States. This combination can help bring production *up* . . . and costs *down* . . . in every major field of industry and transportation. One agreement of sale supplies all your plants wherever located. For details, call the Texaco Distributing Plant nearest you, or write The Texas Company, 135 East 42nd Street, New York 17, N. Y.

TEXACO
INDUSTRIAL LUBRICANTS



BUSINESS OUTLOOK

BUSINESS WEEK

APR. 28, 1956



Business is a little less exuberant. You can tell from all the questions being asked about third-quarter prospects (page 23).

Perhaps the second quarter will be slightly below the first. And the third may be the year's poorest (but don't figure it that way if consumers get the windfall of an election-year tax cut).

Any dip will be slight—and a late-year pickup is indicated.

Sogginess in a few lines of business is enough to cause qualms. It's no longer just autos and housing, but textiles, rubber, farm equipment, and certain appliances and home furnishings as well. And, while metals aren't hurt so far, they see supply overtaking demand.

Betterment for some of the laggards, as the year goes along, now seems almost certainly in the cards:

- Home building is due for an upturn, maybe a really vigorous one.
- Autos' big plans for late 1956 will be felt long before then.
- Home furnishings will snap back with housing, rubber with autos.

Remember that, bulwarking the economy through any short-range test, will be the high level of spending for new plant and equipment. You can't have much of a recession in the midst of a capital goods boom.

And count on this: **Any slump will bring easier money in a hurry.**

Figures on home building should begin to show more than seasonal strength any day now unless tight mortgage money holds builders back.

Contracts for residential construction awarded recently have been pointing skyward, according to F. W. Dodge Corp. Their tabulation for March showed the biggest total for any month on record.

The month's gain over a year ago was 12%. Earlier months this year hadn't been quite that robust, but the first quarter was up 8%.

Builders, naturally, sound out the mortgage lenders before they let construction contracts; usually they have commitments.

But, if any trouble should be developing, the Federal Home Loan Bank Board has moved to head it off. For the second time in recent months, it has relaxed its lending terms to savings-and-loan associations (page 25).

Mortgage underwriting by the S&Ls, it might be noted, has been barely equaling 1955 levels so far this year due to tightness of funds.

Washington policy in easing mortgage money may run counter to the Federal Reserve's anti-inflation drive. And it will be criticised by some who fear inflation and then collapse in the housing field.

But it is a fact of life for 1956 business just the same.

Auto output apparently won't make a very encouraging showing for the remainder of the 1956-model year.

April, like March, will run more than 25% below a year ago. And it's questionable how much improvement May will show. Until retail sales

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

APR. 28, 1956

start making much larger dents in the stock of cars piled up in dealers' hands, output will have to be held down in order to clear the decks for the 1957 models.

As though auto dealers didn't have troubles enough trying to make money, it seems they are going to get even less out of time sales.

C.I.T. Financial Corp. this week revealed that it is reducing the margin granted dealers on auto-sales credit it underwrites. That's to recover part of the higher cost to C.I.T. of the money the company has to borrow in extending credit to auto buyers.

—•—

Rubber manufacturers are enjoying a good demand for replacement tires, due to the record number of cars on the road. But sales to the auto makers are dragging down the over-all production figures.

U. S. Rubber Co. estimates industry output of auto casings this year at about 87-million, down from 97.7-million for 1955.

—•—

Indications in the metal markets are that the peak of inventory accumulation is at hand—if, indeed, it isn't behind us.

Steelmen anticipate near-capacity operations right through the second quarter, but note that demand has slackened for a few products. The worst pinch is off sheets, for example.

Nonferrous markets, now that the fever has gone out of London prices, have taken on a totally different tone.

Lead and zinc producers, meeting in St. Louis this week, were taking a long look at their metals' competitive future. And worries were expressed about prices, once stockpiling reaches an end.

American Smelting & Refining stockholders were told that copper supplies now are up to demand (and that, barring a strike, the 46¢ price may be expected to ease "sometime in the future").

Alcoa officials see aluminum supply catching demand "before too long"—and intend to go out after new markets when that happens.

Revival of automotive demand doubtless will stiffen the markets for most metals by late summer. But the aluminum people are banking on more than just an upturn in demand for 1957 models.

Alcoa's I. W. Wilson cites 34 lb. of aluminum per car this year, predicts 40 lb. next year, sets his sights on "a 200 lb. potential."

—•—

Operations in the machine tool industry are a pretty good guide to industry's appetite for new equipment.

Orders valued at \$95.4-million in March topped year-earlier levels by 51% and were more than 10% higher than February's. And new business continued to outrun shipments.

The level of orders in recent months has built backlogs until, even with the rising output rate, they exceed 8½-months operations.

That's the highest ratio of backlogs to sales since early 1953.



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Kawneer's knack for designing and for
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Atlanta, Ga. Brooklyn, N.Y. Chicago, Ill. Cynthia, Ky. Detroit, Mich. Memphis, Tenn. Oakland, Cal. Portland, Ore. Seattle, Wash. St. Louis, Mo. Havana, Cuba



ANOTHER COMMERCIAL USE FOR FLUORINE

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P E N N S Y L V A N I A S A L T M A N U F A C T U R I N G C O M P A N Y



Morse G. Dial, president, Union Carbide & Carbon Corp.: "Our present feeling is definitely that sales and earnings will show substantial increases over the balance of the year."



R. S. Stevenson, president, Allis-Chalmers Mfg. Co.: "Certain adjustments in farm equipment manufacturing schedules . . . indicate that our volume established in the first period will not be matched in succeeding 1956 quarters."



C. M. White, president, Republic Steel Corp.: "Should there be no strike, we may expect some drop in steel demand in the third quarter."



L. L. Colbert, president, Chrysler Corp.: "To increase our earnings, we are examining every item of cost in administrative as well as production units."

Corporations Eye Profits—Warily

It's a generally pleasant springtime to be a corporation president. Most presidents can tell their stockholders that the profitable business of 1955 continued through the first quarter—the best first quarter in history. At the same time, looking ahead, they shudder faintly at omens of:

- Increased operating costs.
- Increased competition.

So they have to think, too, of how to break it gently to their stockholders: Profits for the rest of '56 may not match up with the first-quarter record. The quotations above contain hints of this uneasiness.

• **Soft Spots**—The sampling of corporate earnings reports on page 24 pinpoints some of the soft spots in a generally solid first-quarter performance.

You find them in autos, farm machinery and farm chemicals, and among defense contractors, whose business has slowed a bit. You find them, too, in a few industries that are already squirming under higher costs.

Passenger car output has been cut back to allow dealers to get out from under an abnormally heavy inventory. That cut General Motors first-quarter

1956 Sales, Profits—First Look

	Sales (in millions)	% Gain From First Quarter 1955	Net (in millions)	% Gain From First Quarter 1955
AUTOS AND TRUCKS				
Ford	\$1,203.1	—15%	\$ 73.7	—28%
General Motors	3,065.0	—1	283.0	—9
Mack Trucks	60.2	+74	2.3	+69
White Motor	52.7	+36	1.5	+36
CHEMICALS				
E. I. du Pont	460.0	—4	\$95.0	+1
Hercules Powder	57.4	+8	4.5	+7
Koppers	68.7	+49	3.7	+98
Monsanto Chemical	140.6	+6	11.3	—21
Union Carbide & Carbon	309.9	+18	36.2	+28
CONSTRUCTION				
Armstrong Cork	61.5	+5	3.7	+13
Johns-Manville	64.7	+15	4.1	+51
Lehigh Portland Cement	11.9	—1	1.5	+9
Penn-Dixie Cement	6.9	+22	.9	+50
MACHINERY AND PARTS				
Allis-Chalmers	140.6	+11	5.8	—3
Eaton Manufacturing	62.0	+14	3.8	+14
General Electric	946.5	+14	55.0	+5
Hewitt-Robins	12.3	+17	.3	+8
Minneapolis-Honeywell	58.2	+2	4.5	+22
National Supply	69.9	+19	3.6	+65
Thompson Products	68.9	—6	2.1	—36
NONFERROUS METALS				
Aluminum Co. of America	219.3	+11	24.3	+15
Bridgeport Brass	46.1	+33	1.7	+29
Climax Molybdenum	13.4	—13	3.3	—27
National Lead	143.3	+20	13.7	+37
Revere Copper & Brass	71.7	+13	3.1	+2
Reynolds Metals	105.6	+21	11.6	+58
Vanadium Corp. of America	17.0	+40	1.8	+70
PAPER AND CONTAINERS				
American Can	155.3	+14	5.7	+9
Rayonier	35.5	+4	3.7	*
St. Regis	81.5	+48	6.2	+50
Scott Paper	66.8	+5	5.8	+3
STEEL				
Allegheny Ludlum	74.8	+39	4.6	+90
Crucible Steel	69.3	+36	3.7	+64
Jones & Laughlin	195.3	+29	13.6	+41
Republic Steel	332.6	+27	25.0	+38
U. S. Steel	1,100.5	+26	104.2	+43
MISCELLANEOUS				
Gillette	48.8	+21	8.3	+21
Liggett & Myers	NA	—	5.4	+11
Schick	4.7	+51	.4	+175
Seiberling Rubber	10.7	+7	.2	+32
U. S. Rubber	230.0	+2	9.0	—9
U. S. Tobacco	6.9	+2	.6	+1

E—Estimated
NA—Not Available
*No Change

©BUSINESS WEEK

earnings by 9%, compared with the similar quarter of 1955, and Ford by 28%.

Chrysler's Pres. L. L. Colbert has spoken of a production cut of 36% (BW—April 21 '56, p. 36), and insiders think earnings may show a 50% skid.

The sales slump coincided with a rise in costs for most of the auto makers. Ford, for example, is spending heavily for new facilities and for a new line of cars.

On the other hand, trucks fattened on the rise in spending for construction and for hauling. That helped some of the auto parts suppliers who also build components for trucks. Eaton Mfg. Co., for instance, kept its net 14% ahead of a year ago by its sales to makers of heavy-duty trucks, aircraft, and non-automotive lines.

Meanwhile, lower farm incomes meant trouble for farm equipment suppliers, and defense business is shrinking as a percentage of total sales. At GM, sales over-all were down only 1%, but defense business was only 4% of dollar volume compared with 9% a year earlier. General Electric Co.'s defense volume dropped to 20% of the total, but civilian business sent the total 14% above first-quarter 1955.

• **Cost Pinch**—"All in all, business is good," says Chmn. H. E. Humphreys, Jr., of U. S. Rubber Co. Still, the company's net was off 9% from a year ago. "Wages and other production costs are higher," says Humphreys. "So are selling, administrative, and general expenses."

Even companies whose sales and net earnings are both up can see the beginnings of cost-nibbling. William P. Snyder, Jr., chairman of Crucible Steel Co., for example, says first-quarter sales were the best for any three months in the company's history, but net earnings didn't quite keep pace. That's because nickel scrap prices soared.

Expansion, too, is biting into profits of some companies. Jones & Laughlin ran its net 41% higher than a year ago, but it felt the effect of stepping up its spending from \$873,000 to \$1.4-million for altering and relocating plant facilities. These costs are expected to continue at an even higher rate for the rest of the year.

Development costs are plaguing others. Robert L. Milligan, president of Pure Oil Co., sees need for an increase in the price of crude oil. Pure Oil's costs of finding and producing oil have risen 20% since 1948, as the oil found per foot of drilling dropped from 25 bbl. to 17 bbl.

Moreover, the costs of more items that business buys are headed up than down. Harlow H. Curtice, president of General Motors, comments that a steel price increase must be reflected in prices of GM's 1957 models.



HUMPHREY The Treasury Secretary feels Fed acted too soon in tightening credit.



MARTIN Fed's chairman says danger of inflation made the squeeze necessary.

A New Feud Over Credit Policy

The Federal Reserve's decision to step a little harder on the credit brakes (BW—Apr. 21 '56, p. 23) has renewed an ancient policy split between William McC. Martin's Federal Reserve Board and Secy. George M. Humphrey's Treasury Dept.

As Martin sees it, the danger of inflation dictates a definite squeeze on credit. Humphrey feels the Fed could well have waited a little longer before tightening up.

Last week Fed followed up its action of raising the discount rate by selling over \$70-million in 91-day Treasury bills. This reduced the amount of credit available to the banking system.

But at the same time, the Treasury took a step directly in the opposite direction—to ease credit. And the Federal Home Loan Bank Board did the same, further indicating dissatisfaction with the Fed's policy.

• **Bond Purchase**—The Treasury Dept. was reported to have bought its own securities in the open market for the account of government trust funds such as the Government Life Insurance Fund and the Federal Deposit Insurance Corp. The Treasury did not announce the amount of bonds it purchased, but bond dealers termed the buying "substantial." This served to increase the amount of credit in the banking system, and, according to one dealer, "it was the only thing that stopped the continued decline in bond prices."

• **Raising the Ceiling**—On top of that, the Federal Home Loan Bank Board revealed that it had put through a new

relaxation in the borrowing privileges accorded member saving and loan associations. Under the new provision, all associations will be able to borrow up to 10% of their saving deposits from the FHLB. Previously, the ceiling on member borrowing was 5%.

Water W. McAllister, chairman of the FHLB, denied that this lifting of the ceiling on borrowing was in conflict with over-all credit policy. But he added that in his view, "there is now little danger of rampant inflation."

• **Fed's Fears**—This view is not shared by the Federal Reserve Board, which has tightened up precisely because it fears an outbreak of inflation. The Fed considered the relaxation on borrowing as directly contrary to its own policy.

The Treasury's action is not such a clear-cut example of finding fault with the Fed. But according to one Treasury official, there was a real dispute over the Fed's action. Treasury Secy. Humphrey and Arthur Burns, chairman of the Council of Economic Advisers, were both reluctant to see a tightening at this time. They felt that the Fed should have waited until the economic outlook was clearer.

This is not the first time that there has been a dispute between the Fed, the Treasury, and the CEA. However, the Fed has usually lagged behind the others in deciding on policy. Now, as a Treasury official put it, "the Fed has taken the bit in its teeth and is dragging the rest of us along."

• **Treasury's Explanation**—Actually, the Treasury denies that its buying is any-

thing out of the ordinary. One official said: "We decided to take advantage of the high interest rates that you can get on Treasury bonds."

But there is no doubt that while the purchase of bonds benefited its trust funds, it was also a means of countering the Fed's move. And the Treasury still has a big reserve of funds that could be used to prop up bond prices and help ease the drain on credit.

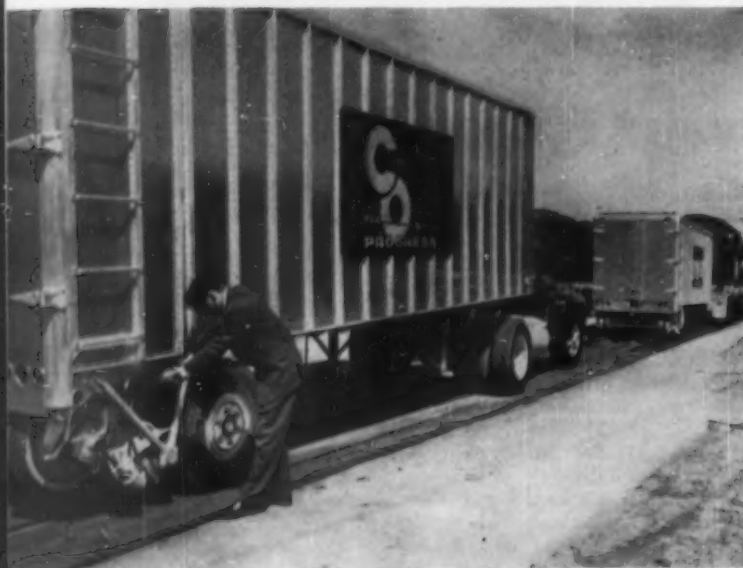
The Treasury has used this purchasing power to counter Fed policy in the past. In March, 1951, for example, when the Fed was asserting its independence from Treasury influence, the trust funds made net purchases in the open market of almost \$500-million in government bonds.

Money market experts believe that buying on this scale would crimp the Fed's effectiveness, at least in the short run. But they expect that before there is a definite breach between the Fed and Treasury, both sides will attempt to reach a compromise.

• **Reappraisal Seen**—Some observers think that the Fed has already decided against carrying its policy much further. They believe that instead of insisting on a uniform discount rate of 3% for the 12 regional Fed banks, the board of governors will refrain from tampering with the present differential between the San Francisco and Minneapolis banks, where the rate already is 3%, and the 10 other banks, where it is 2½%. Instead, the Fed is expected to hold off further moves until it sees whether its policy to date has been effective.



1 Chesapeake & Ohio Ry.'s still-in-development Railvan rolls by rail to truck pick-up point, is ready for step...



2 Where tractor hooks on. Operator starts motor that raises rail wheels, lowers highway wheels, and...

3 The whole rig is ready for the road. The Chessie has more work to do on Railvan but sees great future.



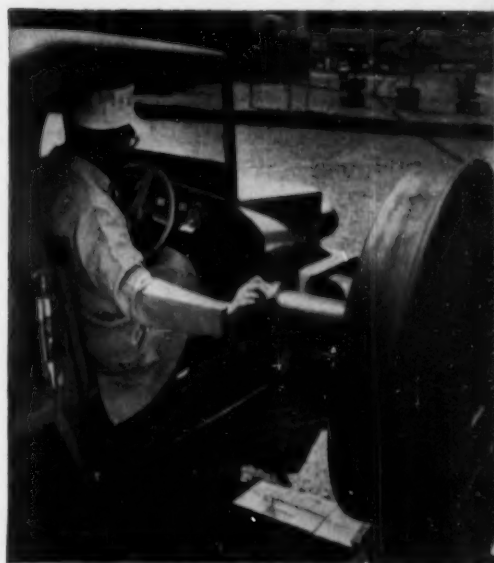
Chessie Shows Stockholders One

General Motors with its Motorama started the current trend; now, even railroads are taking time out once a year to show off their latest developments. This week, at its shareholders' annual meeting, the Chesapeake & Ohio Ry. plunged into the "Railorama" department of public relations. It invited its shareholders down to a quiet, unused corner of its freight yards in

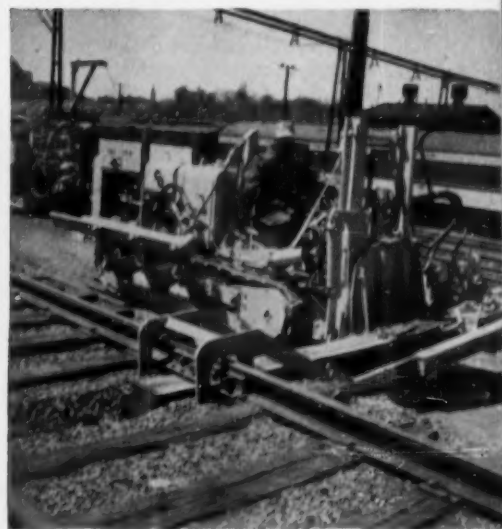
Richmond, Va., for the annual box lunch, discussion of company affairs, and, this year for the first time, a display of the latest and brightest ideas to come from its engineering research and development department.

Some 600 stockholders turned up. You see some of the eye-catchers Chessie's Pres. Tuohy provided for the show in the pictures on these pages.

• **Road to Rail**—Chief among them is the Chessie's alternative to "piggy-back" rail-trucking operations—its Railvan, a hybrid made by mixing a highway trailer with a railroad freight car. On rails, it runs on sets of flanged wheels. Press a button to start a compressed air motor and sets of rubber-tired truck wheels drop into place and the flanged wheels rise a few inches,



AXLE tester that works with speed is this combination of midget automobile and reflectoscope that hunts axle flaws—prime cause of freight wrecks.



TIE puller's off-the-track operation, strong hydraulic muscles speed repair work, save the Chessie \$2,000 a mile in tie-replacing costs.

Answer to Piggyback

and the Railvan is ready for the road. Its load capacity is 27,500 lb.

C&O's director of research, K. A. Browne, started work on the Railvan in 1950. So far he has spent \$250,000 on the project. He and his staff still have work to do on the 26-ft. long, 7-ft. 7-in. wide vehicle before it could be ready for production and use. Even then, Tuohy was quick to tell his stock-

holders, the Chessie has not decided that the Railvan is to be its answer to highway freight competition and its alternative to piggyback freight operations. But he does say that Railvan service could prove to be much more economical than conventional piggyback service.

• **Savings & Setbacks**—Piggyback operations demand the use of flat cars to

carry loaded truck trailers—and these cost about \$8,000 each.

There's one big drawback: Because of the type of coupling needed, Railvans cannot be intermixed with conventional freight cars in a train. The Chessie does have a partial answer to this. Browne has developed a short adapter car that carries a standard freight car coupler on one end and a coupler for the Railvans on the other end.

• **Fresh Gadgets**—Tuohy had other de-

velopments besides the Railvan on hand to impress his stockholders:

- A machine that automatically replaces rail ties without interfering with traffic on the rails or disturbing the roadbed. The machine moves along at the side of the track, needs only a 7-ft. wide space at the trackside for its work. An adz smooths the top of the defective tie; hydraulic arms grasp the tie, pull it from under the rails and insert a new tie, while a compressor tamps the roadbed ballast back into place. C&O says it saves \$2,000 a mile in repair costs on heavily traveled single-track lines through using the machine.

- A midget automobile that carries a reflectoscope to check for flaws in the axles of all railroad cars that enter C&O's yards.

Steel Gets Into Family Spat Over Price Rises

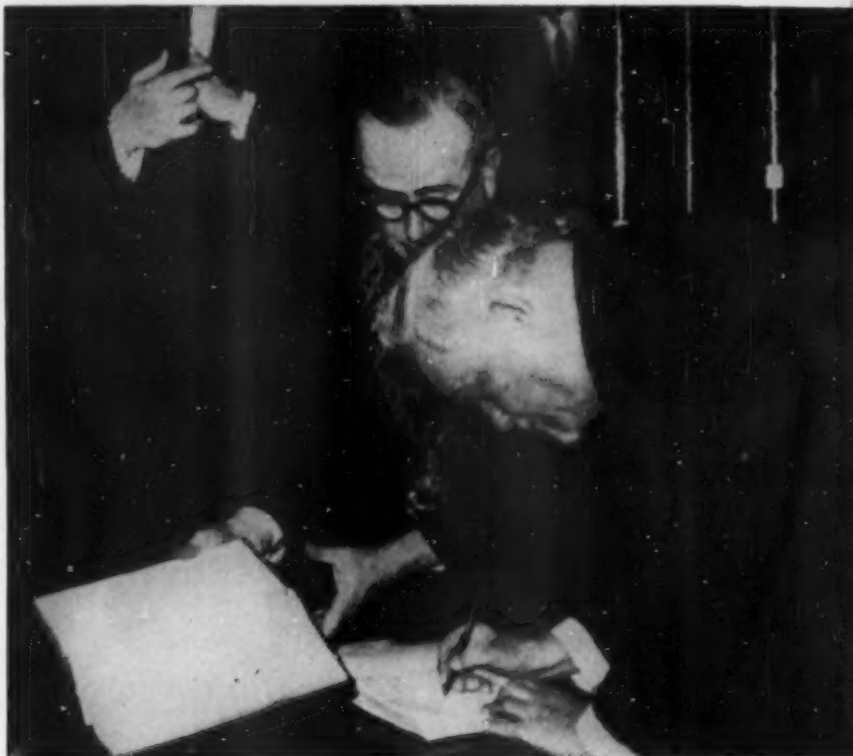
The steel industry's concerted drive for better earnings through higher prices turned into a family quarrel this week when Chmn. Ernest T. Weir of National Steel Corp. rebuked Chmn. Roger M. Blough of U.S. Steel Corp.

The spat arose when Blough told a quarterly directors' meeting that Big Steel does not now contemplate any general price increase. Less than 24 hours later Weir told his annual meeting: "We're not very happy about the [Blough] statement." He added ruefully: "I wouldn't think of raising prices now."

The fact is that neither National nor any other carbon steel producer is likely to raise prices without getting a lead for such a step from U.S. Steel, which operates 31% of the country's carbon steel capacity. For six months the other carbon steel producers have been longing for U.S. Steel to take that step. Pittsburgh Steel Co.'s Pres. Avery C. Adams called on Apr. 12 for a \$12 to \$15 a ton price increase. This week, Weir said he thought such a rise was "within reason."

A price increase to offset higher operating costs is generally expected after a wage settlement in June or July. Chief impetus for an earlier increase is, of course, the drive to finance the steel industry's large, expensive expansions. U.S. Steel might be able to finance its expansion without raising prices—but the independent producers cannot do it that way, says Weir.

The independents make 69% of the country's steel and they must remain part of the industry, for no newcomer can build steel capacity at current prices, he adds. But the independents cannot maintain their place in the industry, he warns, unless they can raise their earnings.



Russia's Bulganin (signing) and Khrushchev had some rough moments in Britain this week. But their new foreign line seems here to stay—and to meet its new challenge . . .

U.S. Policy Shifts to

U.S. foreign policy—committed for a decade to fighting the cold war—is beginning to go in new directions.

Top Administration leaders now have concluded that the political evolution in Russia—culminating in the denunciation of Stalin—stems from deep internal causes, and will not be easily reversed. The change inside Russia has produced Moscow's new foreign policy of peaceful coexistence coupled with aggressive economic and political infiltration. These shifts confront the U.S. with a radically different set of challenges, calling for new responses.

The signs of change in U.S. foreign policy were clear this week:

- Pres. Eisenhower, in one of his most important foreign policy statements, called for a massive and sustained effort to meet the aspirations of underdeveloped countries for economic independence and progress.

- Secy. of State Dulles proposed expanding the dormant economic and political functions of NATO—both to strengthen the foundations of the Atlantic Community, and to coordinate

Western efforts to meet Soviet pressures in other parts of the world.

- Adlai Stevenson, for the Democrats, urged more U.S. economic assistance to underdeveloped countries. He suggested that this aid should be taken out of the cold war arena by channeling it through the United Nations (page 30).

- **Shifting Tactics**—You won't see concrete results from this bipartisan grouping for new policies until after the election—they'll hardly develop during the campaign. The Democrats intend to make foreign policy a major campaign target, and this puts the Administration under pressure to come up with new ideas of its own. But the political fireworks over foreign policy will focus public attention on the problems posed by the new Soviet strategy.

And already you can see common conclusions running through the thinking of the leaders of both political parties. These point the direction of changes to come. The main ones are:

- The big Communist threat now is more economic and political than



Check Reds

military—at least for the time being.

- This is as great a threat to U.S. influence in the world as was direct military pressure. And it's a more subtle threat that calls for more flexibility to answer.

- The new Soviet tactic forces the U.S. to rely more upon economic and political weapons and less upon military alliances than in the past. More specifically, it requires substitution of the positive goals of economic progress and political freedom for the negative spur of fear of Soviet attack.

- U.S. economic assistance to nations vulnerable to Communism must—if it is to enlist active political cooperation—be routed to a greater extent through international organizations—such as the U.N., NATO, the Colombo Plan organization, the Baghdad alliance.

- **Military, Too**—This shift toward a policy of economic and political warfare doesn't mean that military containment is to be abandoned, however. Stevenson goes along with Eisenhower and Dulles in insisting upon maintaining

a military shield against Communist aggression.

U.S. leaders are not ignoring the continuing Soviet military buildup—underlined again this week when Nikita Khrushchev, Russian Communist Party boss, boasted that Russia soon would be able to drop missiles with hydrogen warheads anywhere in the world.

- **Extent of Agreement**—The new thing is the bipartisan agreement that containment of such military threats must be backed up by big, new efforts to win the economic and political allegiance of uncommitted countries.

Bipartisan harmony ends there, though. The Democrats are blaming the "sterility" of Republican policy for the gravity of the new Soviet threat. Eisenhower and Dulles lay the shift in Russian strategy in part to firm U.S.-led resistance to Communist expansion.

- **Soviet Wedges**—There's no doubt that the two top Russian bosses, Khrushchev and Premier Nikolai Bulganin, in Britain this week, energetically probed for new chinks in the Western armor (page 149). Their objectives were clear: (1) to further weaken Western unity with promises of peaceful trade and disarmament, (2) to broaden their foothold in the tense Middle East by offering to help keep the peace there in exchange for a direct voice in Big Power decisions in the area.

- **Damage**—Regardless of the outcome of the Russian leaders' mission to Britain, Moscow's new strategy already has hurt the free world. The damage almost certainly will mount.

- The new Soviet "peaceful co-existence" has sapped the strength of NATO.

- Neutralist sentiment is rising in France, and the French have felt free to send the bulk of their NATO forces to fight in North Africa.

- In Germany, political pressure is mounting for a deal with Moscow on German unification—even at the price of some kind of neutralization of the country.

- Greece and Turkey are rowing over Cyprus.

- Iceland's parliament has voted to oust U.S. troops from the NATO airbase there.

- In the Middle East, Communist offers of arms, economic assistance, and diplomatic support to the Arab nationalist movement headed by Egypt's Premier Nasser has heated the Arab-Israeli conflict to the boiling point. This threatens Western Europe's vital oil supplies (BW—Apr. 21 '56, p160). Although Moscow now seems to be backpedaling temporarily, it is clear that the Russians will continue to support Arab nationalism.

- In Asia, Russian political blandishments and promises of eco-

nomie assistance are exerting a strong pull.

- **Danger**—The long-term danger in all of this is that a weakened and divided West will be progressively isolated, both economically and politically, from the vast belt of people and resources stretching from the China Sea through the Asian and African land mass to the Atlantic.

This area then would be vulnerable to Communist political and economic domination. If that happened, Western Europe's strength would be drained away, and the U.S. would be encircled in the Western Hemisphere.

- **Answers**—Specific and comprehensive answers to this threat still have to be found by leaders of both political parties. The proposals made by Eisenhower, Dulles, and Stevenson this week are only signposts indicating the general direction of policy thinking.

The President, however, did indicate clearly that the current program isn't enough, that the Administration is searching actively for a new and more effective orientation. He promised specific action soon on a broad reappraisal of basic foreign aid policies.

- **Beefing Up NATO**—Dulles' proposal for broadening the economic and political base of NATO represents a real shift.

Dulles will discuss the possibilities at the NATO council meeting in Paris next week. He already has had indications of enthusiastic support from NATO allies. Indeed, his proposal stemmed directly from European and Canadian pressure in recent months.

But Dulles will take no blueprint to Paris. It is not clear at this stage even to U.S. officials just what NATO can do in these fields that isn't already being done through other channels.

Actually, Dulles is counting heavily on the Europeans to come up with the bright ideas.

- **What NATO Might Do**—Speculation about the new role NATO could play runs along these lines:

- NATO might offer political and economic support for French efforts to find a satisfactory new relationship with France's African territories.

- NATO might be able to put more drive behind joint economic development of the backward areas of Europe—notably Southern Italy.

- The drive for European economic integration—and specifically joint exploitation of nuclear energy—might get new impetus through NATO.

- NATO could become a forum for coordinating Western aid and investment efforts in Asia and the Middle East.

- Some sort of NATO mandate for troubled Cyprus, to reconcile conflicting NATO interests there, isn't ruled out.

Ecosoc: Next Move on Aid Brings



Life has been pretty hapless for the United Nations through much of its 10-year existence. Most of the time it has operated as a fancy debating society in the propaganda war between East and West.

Because of all the U.S.'s administrative and political complexities, the U.S. has never sought to operate its foreign economic policy through the U.N. agencies. And since the cold war developed, the mere idea of attempting to run large economic aid programs through the U.N. has made no sense at all to American policymakers.

But now the U.N. is suddenly coming back into the picture as a useful agency through which the U.S. might operate its foreign economic policy. Behind this swift change lies the sudden switch in Soviet policy toward economic and political penetration of the rest of the world—particularly the underdeveloped nations of Asia, the Middle East, and Africa.

• **Traps for U.S.**—The Soviet shift poses a serious dilemma for the U.S. If we hew to the old policy of country-by-country aid deals, we could find ourselves bidding against the Russians all over the world. The pressure could lead to costly and dangerous economic programs aimed more at producing big industrial monuments to support U.S. or Soviet propaganda than at passing real economic benefits on to the underdeveloped nations. But if we don't bid against the Russians, we leave the field wide open for them to exploit.

That's why American policy is giving increasing attention to feeding more of our aid to the underdeveloped countries through the U.N.

• **Popular Notion**—This notion has struck many people simultaneously: Secy. Dulles has called for a public group to consider whether it's a good idea. The Committee for Economic Development, a businessmen's and economists' group, has endorsed the idea. Adlai Stevenson backed it, when he spoke last week to the American Society of Newspaper Editors.

Abroad, too, the idea of a stepped-up program of aid through the U.N. to the underdeveloped countries is getting powerful support. And the notion does not exactly make the U.N. unhappy.

I. Funnel for Aid

The dawning realization that it may soon be able to do a bigger job of economic development has lifted the spirits of the U.N. agency that would supervise the job—the Economic and

It to Life

Social Council (Ecosoc for short), which last week opened its 1956 sessions in New York (picture).

Ecosoc was established by the U.N. charter, adopted in San Francisco in 1945. Its particular aim was to "save succeeding generations from the scourge of war" and to do this the charter members of the U.N. resolved among other things to "employ international machinery for the economic and social advancement of all peoples."

Ecosoc consists of 18 members, elected six at a time for three-year terms each year by the U.N. General Assembly. Its present members are Argentina, Brazil, Britain, Canada, China (Nationalist, of course), Czechoslovakia, Dominican Republic, Ecuador, Egypt, France, Greece, Indonesia, the Netherlands, Norway, Pakistan, the Soviet Union, the U.S., and Yugoslavia.

- **Bureaucrats' Nightmare**—This council exercises some jurisdiction—ranging from fairly direct to practically none at all—over a bureaucrat's nightmare of other bodies that include:

- The U.N.'s Secretariat, particularly the Economic & Social Affairs Dept. and the Technical Assistance Administration.

- Three regional organizations: the Economic Commission for Europe, the Economic Commission for Latin America, and the Economic Commission for Asia and the Far East

- A long list of so-called specialized agencies, including the International Bank for Reconstruction & Development, the International Monetary Fund, the World Health Organization, the World Meteorological Organization, the International Labor Organization, the Food & Agriculture Organization, and the U.N. Educational, Scientific & Cultural Organization.

- **Some Strength**—This formidable array of agencies is by no means a paper army. The International Bank, for instance, has already lent almost \$24-billion to finance projects in 41 member countries or territories. At first, these loans were chiefly to pay for particular power or industrial projects; now they may be broadened.

Other U.N. agencies have done a host of other jobs: trained meteorologists in the Dominican Republic, built a higher teacher training institute in Bolivia, given vocational training in Haiti, fought tuberculosis in Panama, improved civil aviation in Afghanistan, designed a radio communications system for Pakistan, helped set up consumer cooperatives in Burma, designed fishing boats in India.

- **Streamlining Job**—A skeptic might wonder whether the U.N., by splitting its interests and limited funds in so many different ways, isn't frittering its resources away. At last week's first 1956 session of Ecosoc, its newly elected president, Ambassador Hans Christian Engen of Norway warned that Ecosoc "is like a person with too many interests, who is unable to pursue any of them with vigor." He called for a major streamlining operation.

II. Where U.S. Is Moving

The U.S. delegation to the U.N. certainly shudders when it considers the complexities of trying to run a vastly expanded U.S. aid program through the U.N. Nevertheless, the Soviet's newest moves have U.S. policymakers struggling to find some means of funneling more aid through the U.N. Nobody high in the Administration has yet decided that this ought to be done, but it's a better-than-even chance that next year's foreign aid program—for fiscal 1958—will be designed to feed more funds through the U.N.

This does not mean that the U.S. will abandon control of its aid programs in countries where control is feasible. We still seek some political results from aid to some countries, and it would be difficult, sometimes impossible, to get political results through a U.N. program. People with experience in giving U.S. aid overseas also point out these objections to too heavy reliance on the U.N. as an aid distributor:

- Division and administration of aid under the U.N. would be much slower than under bilateral agreements. Economic progress that must be rapid to stave off Communism in many places would be retarded.

- If the U.S. lost control over the direction and content of aid programs, many more uneconomic projects would be undertaken. These could foster economic nationalism and protectionism.

- Aid could become snarled in national rivalries.

- Congress, which has consistently insisted on seeing a quid pro quo for U.S. aid and has been leery of giving the Administration a blank check in administering aid, would oppose a big U.N. program over which it would have even less control.

These criticisms will certainly cancel out the possibility of a big, bold U.S. move to channel more aid through the U.N. But they will not prevent some movement in that direction. In present debates before Ecosoc, the U.S. delegation is trying to avoid creating the impression that America is not seriously

interested in working more through the U.N. The U.S. team, headed by Dr. John C. Baker, president of the University of Ohio, will try to steer U.N. efforts toward programs that make economic sense.

- **Private Capital, Too**—Baker will stress the role of private investment—either direct or through international agencies—in promoting growth of backward economies. "One of the reasons my government has urged other countries to encourage direct private foreign investment," says Baker, "is that such investment necessarily involves the export of managerial and technical knowhow as well as capital."

Baker will also stress the value of America's own programs of aid, loans, and technical assistance to underdeveloped countries. But he will affirm our intention to continue to support U.N. programs to help the poor nations. He'll say we want to explore further new areas for international cooperation for economic development.

Some other countries might complain that this U.S. position isn't sufficiently "positive." The underdeveloped countries themselves are likely to feel this way.

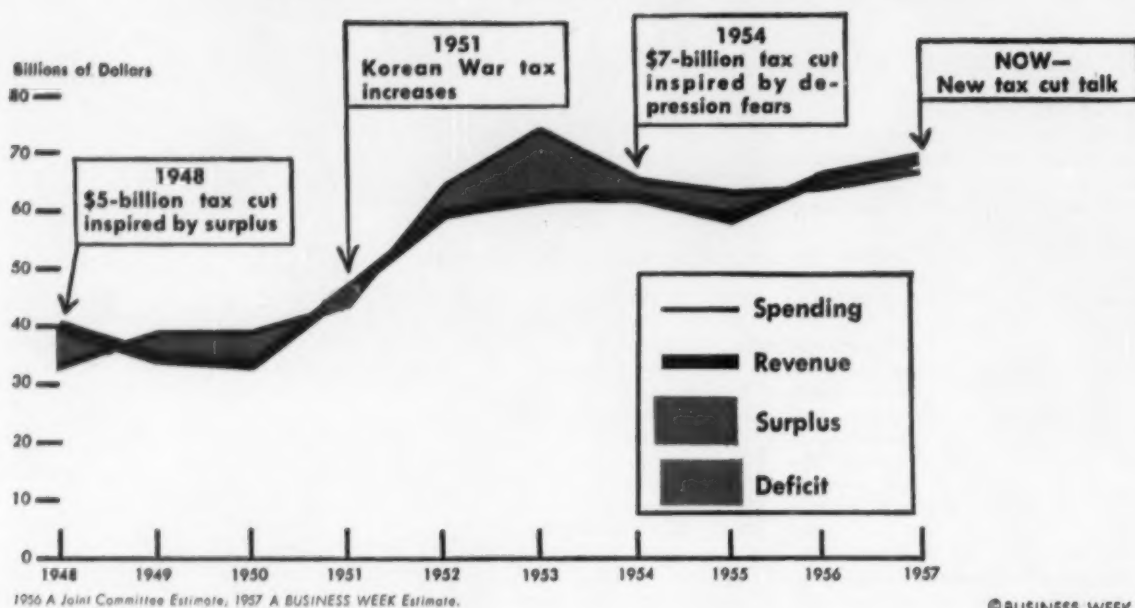
III. The Major Fear

But in the back of U.S. representatives' minds will be one big worry: that the Soviet Union might be preparing to launch a dramatic proposal for much greater economic aid through the U.N. This could catch us napping, give the Russians a big propaganda victory, maybe even change the whole balance of East-West power. So this sets up another dilemma for U.S. policymakers: If the Russians are going to play it the U.N. way, wouldn't we be better off to beat them to the punch?

- **New Prestige**—Some U.S. officials think this is too pessimistic a way of viewing the problem. They see the U.N. as the best means for advancing U.S. interests in a period when our country-to-country aid policy is running head-on into the new Soviet line. They point out that U.N. Secy.-Gen. Dag Hammarskjöld's mission to the Middle East succeeded where efforts of any single nation or power bloc seemed doomed to failure. This, they feel, demonstrates that the U.N. may be able to tackle problems that would be insoluble if they remained enmeshed in East-West conflict.

The U.N.'s professional staff, which under Hammarskjöld has begun to think of itself as a "third force" between East and West, is more than ever confident that the U.N.'s role will get bigger. The byword at the U.N. today is "Let's start operating."

Shifts That Inspire Tax Changes



©BUSINESS WEEK

Surplus Could Open Way to Cut

Hopes in Congress for a tax cut this year are on the rise again (chart).

The vast majority of the lawmakers up for reelection would like nothing better than to vote a tax reduction before facing the voters in the November election.

Their chances seemed all but dead until last week, when the Joint Committee on the Economic Report turned in a cheering estimate of what receipts would be this fiscal year. The committee said receipts probably would be \$67.5-billion, a jump of almost \$3-billion over the Administration's official predictions. The committee thought spending also would rise \$1-billion, leaving a surplus of \$2-billion. Republicans and Democrats alike announced they would propose reductions.

• **Too Early**—This week, the Administration raised a firm warning: It's too early to tell how big the surplus will be, or whether a tax reduction will be advisable. But Pres. Eisenhower did not close the door entirely—a fact noted with suspicion by Democratic policymakers. They wonder whether the Administration will come up with a sudden recommendation for a tax reduction late in the session. To forestall this, a growing number of Democrats are urging party leaders to push a slash of their own.

• **Impossible**—Actually, the Administration has no intention of recommend-

ing a tax cut this year unless the situation changes drastically. One such change would be an unexpectedly large surplus—larger even than the \$2-billion predicted by the Joint Committee staff. Another would be a softening of business between now and midsummer.

White House and Treasury officials do not expect either of these developments. They think the chances favor a small surplus, and a continuation of the present mixed business picture. The surplus could be larger than now expected, and business could turn soft. Thus, they insist on waiting to see what the next 60 days will bring—which leaves Democrats nervously trying to read the future for themselves.

• **Possible**—The possibility of a big surplus is getting most of the attention among the tax cutters. An \$8.4-billion surplus was the backdrop for the tax reduction voted by Republicans of the 80th Congress back in 1948 (chart), and the GOP would like to see something of that kind repeat itself. However, nobody expects anything like as big a sum to play with. Many government experts privately think the \$2-billion prediction is a reasonable one. But Treasury Secy. George M. Humphrey still sticks to his estimate of only \$200-million. He will not budge from that until the big Apr. 15 tax take is counted. This will take a couple of weeks more,

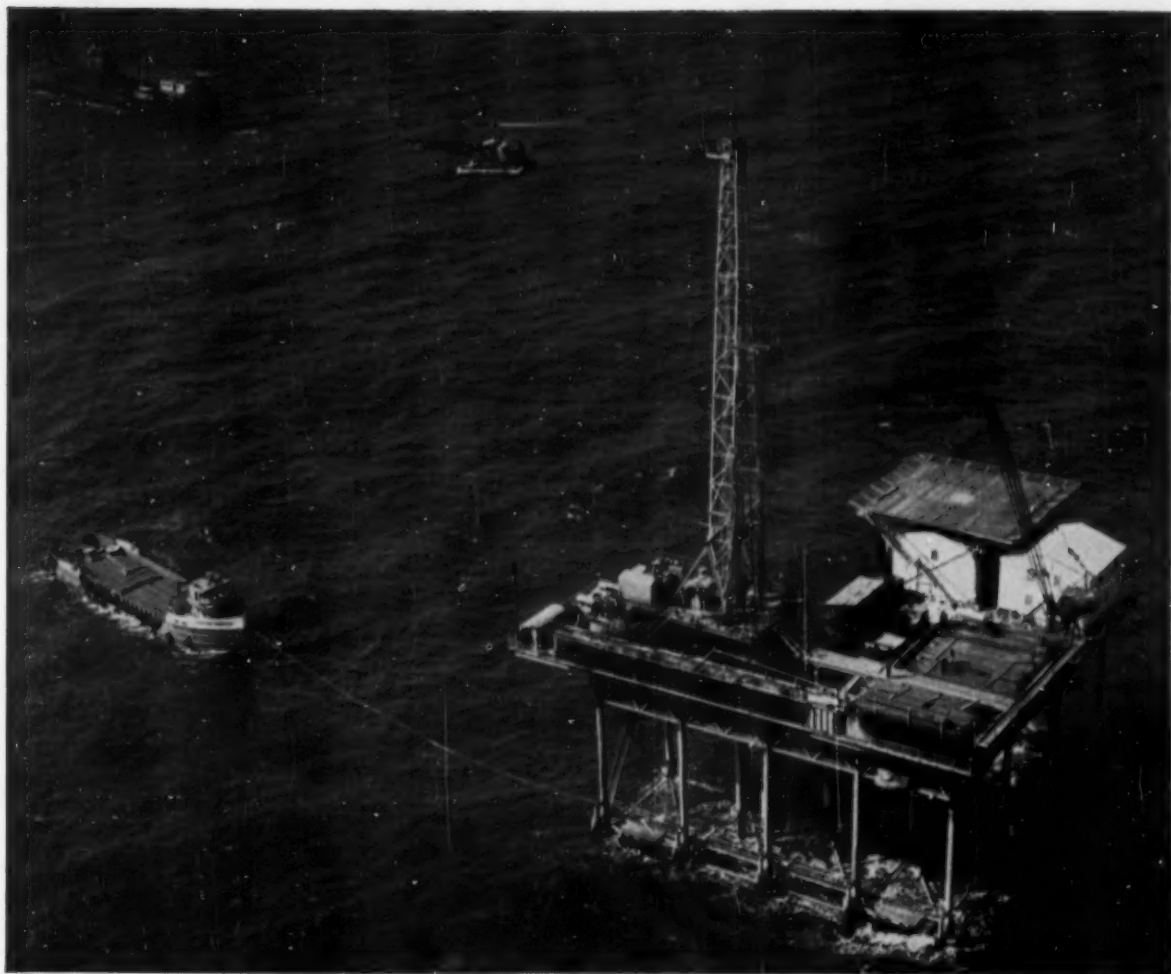
and probably will be announced about May 20.

• **Educated Guessing**—Meantime, the key tax writers in Congress are following the cue of Rep. Wilbur Mills of the House Ways & Means Committee. Mills has asked Colin Stam, staff director of the Joint Committee on Internal Revenue, to make his own estimate of this year's receipts. What Mills and other Democrats decide will depend largely on what Stam reports.

In general, Mills and other key Democrats are still opposed to a reduction on the basis of what they now know about receipts and the business situation. Pressure for a cut so far is coming from rank and file congressmen. Speaker Sam Rayburn is in the key role; if Rayburn calls for a cut, the Democrats will fall in line.

• **Pattern**—It now seems likely that if the surplus is around \$2-billion, Mills will continue to hold out against a reduction, and that Rayburn will take his advice. But if the surplus winds up around \$3-billion, demand for a reduction could be overwhelming.

• **The Other Way**—Another recent tax cut—the one taking effect Jan. 1, 1954—came in the midst of a business downturn and is generally credited with helping the present boom get started. In case of a slide-off between now and July, the Administration might recommend some relief—and it's practically



New Frontiers for Buried Treasure

Far off Louisiana's famed Gulf Coast, precious oil lies trapped beneath the deep, green waters. In this area Sinclair Oil & Gas Company, jointly with three other companies, has increased its lease holdings to more than 37,000 acres for offshore operations.

Offshore prospecting and drilling is only one example of Sinclair's relentless search for new oil sources. Last year the Company drilled a total of 617 net wells in the United States and Canada alone. In Venezuela, a Sinclair subsidiary increased its daily average net production by 22 per cent. In Italian Somaliland, the results of extensive seismic and surface geological exploration were sufficiently encouraging to plan drilling this year in a concession covering 59 million acres, in which Sinclair has a 50 per cent interest.

All this is part of the Company's aggressive efforts to expand production and reserves. In 1955, the net result was an all-time high record in average daily net production of crude oil and other liquid hydrocarbons—155,861 barrels daily against 144,887 barrels daily in 1954, a 7.5 per cent gain.

Sinclair continues to accelerate its progress in crude oil production. Over the last ten years, Sinclair's rate of gain in domestic crude production has been sharply higher than that of the oil industry generally.

SINCLAIR
A Great Name in Oil

certain that Congress would vote a reduction.

On the surface, the official Washington reading of the business picture stresses the danger of inflation, rather than the danger of a downturn (page 25). This is reflected in the latest increases in the discount rate as approved by the Federal Reserve (BW—Apr. 21 '56, p. 23). But behind the scenes is a lively debate over whether the Fed is correct; and the fact that the short-run business future is being read differently by different government experts is one of the chief reasons for the restlessness of congressmen. Both parties hope the situation will be cleared up before they go home to start campaigning.

• **Gun Shy**—The restraint of the Democrats thus far on taxes is one of the remarkable features of this election year. Even Administration leaders are impressed with the way Democrats have avoided making taxes an election issue. One reason for this lies in a little-

noted fact of recent political history.

There have been three separate reductions in taxes since the peak rates of World War II. In each case, the party in power when the cuts went into effect nevertheless lost control of Congress in the next election:

• In 1945, Democrats voted through a \$6-billion cut and yet the Republicans won Congress in 1946.

• In 1948, Republicans steered a \$5-billion cut past two vetoes by Truman in a dramatic running battle, then lost both Congress and the race for the White House in the same year.

• In 1954, after the Eisenhower Administration allowed the biggest single tax cut in history to go into effect, voters gave Democrats control of Congress.

To see this happen three times hand-running has been a shock to political professionals. The next time they offer up a tax cut, they want to be sure of some mileage at the polls.

AT&T Spends More Than Anybody

Last week the nation got one more bit of evidence of the still rising boom—the announcement by American Telephone & Telegraph Co. that Mother Bell's whole system would spend \$2.1-billion in 1956 on capital expansion.

That's the largest expenditure ever within a single year by a single company (this year Jersey Standard, the runner-up, plans to spend \$1.2-billion worldwide, General Motors will spend about \$1-billion). And it's also rather more than AT&T expected to have to spend a short time ago.

The giant utility, the world's largest non-financial corporation, would be investing substantial sums this year in any event. But over the past year demand for its service grew much more sharply than had been expected. Mother Bell, countrywide, picked up 1.5-million new customers, installed almost 3-million additional phones. In spite of having spent slightly over \$1.6-billion, the previous capital investment record, in new and expanded facilities last year, its capacity was overloaded most of the time. And new business is still rising.

• **Overload**—Current outlay, the company expects, will just about catch it up to the year's demand and to eliminate the overload.

After that, expenditures may level off. But it's a safe assumption—barring a sharp drop in the national economy—that AT&T will spend at least \$1-billion a year for the next decade.

Here's where the money will go this year:

• \$225-million for new or enlarged buildings, in 1,700 of the 6,500 communities the company serves.

• \$600-million for new intercon-

nection facilities between communities and wide extension of direct long-distance dialing.

• \$850-million for connections to individual customers and expansion of coaxial, microwave, and carrier amplification systems.

All this, of course, is just for the operating side. Expansion by Western Electric, the manufacturing arm, or additional funds for Bell Laboratories, the research side, are not included.

• **More to Come**—Over the past 10 years, the company has already put slightly over \$12-billion into expansion—but for several reasons the utility still sees no immediate end.

For one thing, the still accelerating move to the suburbs is adding pressure for more and better facilities.

Not only are more phones going in, but individual customers are using them more. Starting this year, youngsters are hitting their teens at a 4-million a year rate. And teenagers are easily the most prolific users of domestic phones.

The proportional breakdown of expenditures closely parallels last year's, but the proportions won't necessarily remain the same over the coming decade. Direct long-distance dialing is being stepped up this year, will probably slow down in a few years. Nor will coaxial cable necessarily be going in at the same rate. But every new phone requires a capital investment anywhere between \$200 and \$2,000, depending on area, and economists conservatively predict a need for at least 1-million new phones a year over the coming decade.

That's hedged, of course, with the big if—if the economy stays at its current level.

Broadside at GM

Senate monopoly report fires hard words at company—but Washington looks for little action to result.

The Senate Monopoly Subcommittee this week came out with its report on General Motors Corp.—the result of hearings under Sen. Joseph C. O'Mahoney (D-Wyo.) last winter (BW—Nov. 12 '55, p. 34; Dec. 10 '55, p. 25). Though it has some hard words about GM's "dominance," and several suggestions about what ought to be done, there's little expectation in Washington that it will breed anything much in either legislation or antitrust action.

The 118-page staff report, indeed, is billed not as a fighting document but as a "case study"—on Bigness and Concentration of Economic Power.

• **Proposals**—But though it's no battle plan, the report does let loose a broadside against GM's size and economic strength. It argues that much of GM's activities are "sheltered"—by its integrated character and dealer franchise system—from the test of the market. It concludes that now may be the time to consider limiting new GM expansion into other lines.

Further, the report concludes:

• That divestment of General Motors Acceptance Corp. would strengthen competition.

• That the Justice Dept. should decide soon whether to sue to break GM's 80% share in bus manufacturing.

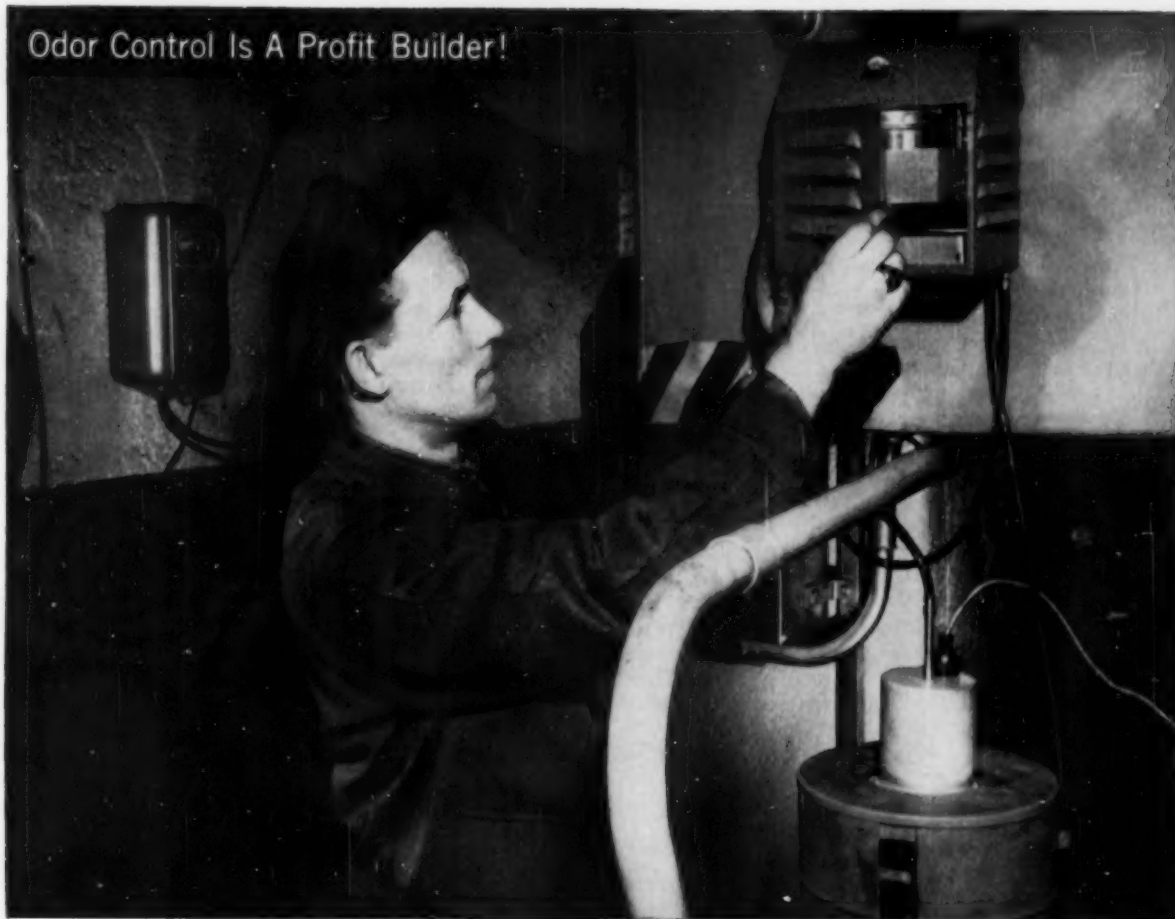
• That GM's expansion in wholesale auto parts distribution may exclude independent jobbers from access to the 18,000 GM franchise dealers.

• That auto dealers should be guaranteed by law the right to sue over any arbitrary cancellation or refusal to renew the dealer franchise.

• **Critical**—The report is particularly critical of GM's growth pattern in the bus and earthmoving machinery fields—rebuking Justice for approving the 1953 acquisition of Euclid Road Machinery Co. GM's ability to give liberal financing terms through GMAC, the report argues, was of "inestimable advantage" in securing a favored position in bus and diesel locomotive markets.

Another potshot is directed at GM's long-range price planning as not giving enough recognition to consumer interest in lower prices. The report calls an "extremely high level" of profits one of GM's most striking characteristics. It raises the question of splitting off some of the car divisions but makes no specific demands; though it says GM's counter-arguments fail to show that Chevrolet, say, couldn't go it alone.

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In Business

• • •

Swiss Reports Hint AEC Gets Warm in Quest for Power From Hydrogen

The Atomic Energy Commission may be closer than it admits to getting useful power from hydrogen via the H-bomb fusion reaction.

For weeks, reports filtering out of Switzerland assert that the U.S. has demonstrated a successful process on a lab basis. The reports seem to start from officials of the Swiss atomic program; some years ago, similar reports in Europe jumped the gun on the H-bomb itself, long before AEC would talk.

The catch to extracting power from hydrogen is that the atoms must be brought together at very high energies, and at the apparatus-destroying heats of atomic explosions. Non-AEC scientists now guess that a lab fusion may have been achieved by using a cyclotron or other accelerator to secure the energy needed, and perhaps with intense magnetic fields to contain the reaction. If the guess is correct, the key problem of extracting the heat energy on a scale big enough to do any good remains to be solved.

• • •

ODM Casts a Fishy Eye On U. S. Cash for Pipeline

An Office of Defense Mobilization staff report this week disapproved of government aid in financing an emergency oil pipeline from the Gulf Coast to Eastern refineries. ODM boss Arthur S. Flemming is expected to say the final "no" sometime after May 10.

Early in 1953, the National Security Council and other agencies opined that in wartime 1-billion bbl. of crude would have to be piped each day from the Gulf area, to avoid the hazards of tanker operation. Texas Eastern Transmission Corp. and American Pipeline Corp. then asked the government to help them build new lines.

It is on these requests that ODM frowns. Its report says that existing facilities could in an emergency move two-thirds of the needed crude to the Ohio-Pittsburgh area. The rest could be carried by the Big Inch pipeline, which the government can legally recapture from Eastern Transmission.

• • •

Gulf Oil's Canadian Subsidiary Will Be Sold to Toronto Company

Gulf Oil Corp. is getting ready to sell its wholly owned subsidiary, Canadian Gulf Oil Co., to British American Oil Co., Ltd., of Toronto—in exchange for absolute stock control of BA. For Gulf, the final O.K. is purely a management decision; BA stockholders will vote on it May 18. The price: 8.3-million restricted shares of BA,

on which no dividends can be paid. But the shares can be converted to dividend-paying stock after 10 years, or after BA has earned a total of \$69-million in two consecutive years.

For Gulf, the deal means expanded markets via BA for its huge crude production in Venezuela and Kuwait (BW—Apr. 14 '56, p. 32).

For British American, picking up Canadian Gulf will give it quadrupled reserves, and more than doubled production to feed its refineries. Canadian Gulf also has tremendous gas reserves in Alberta.

And for the Canadian investor—often peevisish over his inability to buy into U.S.-owned enterprises in Canada—it offers new vistas. In effect, by buying BA stock he will be able to participate in the whole Gulf venture north of the border.

• • •

Publisher Takes to the Air With 4 TV and 5 Radio Outlets

Crowell-Collier Publishing Co., branching from the print shop into the ether, reports that it is dickering to buy the FCC limit of seven television and seven radio stations.

Last week, the company went more than half the way. On Monday, it announced plans to buy Television Corp. of America, which owns a TV outlet and a radio station at Honolulu. At midweek, it followed up with plans for the \$16-million purchase of Consolidated Television & Radio Broadcasters, Inc. This would give the publisher TV and radio outlets in Minneapolis, Indianapolis, and Grand Rapids, plus a radio station in Flint.

Both deals are subject to approval by FCC and by directors of the companies.

• • •

Business Briefs

Ford Motor Co. went right to the top for its three-man "dealer policy board." The full-time job of keeping dealers happy goes to no less than Benson Ford, plus two major company executives. Eventually, the board may become a court of appeals for disenfranchisements of dealers.

Jones & Laughlin Steel Corp. is thinking seriously of an "early entrance" into the entirely new field of stainless steel, says Pres. C. L. Austin.

The home team won the proxy battle between Sciberling Rubber Co. management and Richard Lamb, Toledo industrialist (BW—Apr. 21 '56, p. 108). Stockholders this week gave management 11 seats on the expanded 15-man board. Lamb's slate got the rest.

Economic indicators: The Commerce Dept. says business inventories hit \$83.5-billion at the end of February, \$6-billion above the 1955 months. . . . Gross national product in the first quarter reached an annual rate of \$399-billion, says the Council of Economic Advisers . . . and corporate working capital rose to \$103.6-billion at the yearend, the SEC reports.

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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
APR. 28, 1956



Don't let your tax-cut hopes get too high. The prospect that the budget surplus will be larger than expected has set Congress talking of election-year relief (page 32). But no action is assured.

A cut of any consequence would be costly. Examples: The Democratic plan to concentrate relief in the lower brackets by boosting exemptions from \$600 to \$700 would cut receipts by an estimated \$2.5-billion. A straight percentage cut of 10%, backed by some of the Republicans, would drop revenues about \$3-billion. Either plan probably would bring a return to deficit financing, and neither party wants this.

The White House will stand pat against a cut, for the time being, at least. Two developments—neither of them expected—could bring on a change of position and an end-of-session lowering of income tax rates: (1) a sudden turndown in business, which would make a cut desirable as a stimulant to consumer spending; (2) a still bigger rise in revenues, which would provide enough surplus to cover both a tax cut and some reduction in the national debt.

—•—

Companies with defense contracts may get a break when Congress extends the Renegotiation Act. This is the law under which so-called excess profits on military orders are recaptured by the government. Plan is to expand exemptions—put more defense business outside the law.

Here are some of the changes that will be pushed: (1) raise the starting level for renegotiation of defense business \$500,000 to \$1-million, (2) exempt contracts that have price redetermination or adjustment clauses, (3) exempt orders placed through competitive bidding.

The backing for these proposals is expected to come from the Senate Small Business Committee, which is making a staff study of renegotiation effects on small contractors, and from the Joint Committee on Taxation, which will report next month on renegotiation policy.

—•—

The political jockeying on the farm issue may end up with Eisenhower getting a soil bank along the lines of his recommendations.

Democratic opposition is weakening. Reports coming in from Midwestern farm states indicate considerable grassroots support for the Administration plan. Democratic strategists are afraid that refusal to go along on the program, including the plan for advance benefit payments, might backfire.

Agriculture Dept. is set to go on the soil bank just as soon as Congress acts. Detailed plans are all drawn up to offer farmers direct cash payments in return for acreage cuts. But it's too late in the planting and growing season for the program to get really rolling this year. Growers of winter wheat, which is planted in the fall, will be the first major crop producers to feel the full benefits.

The Democrats aren't ready to abandon the 90% fight. They talk of getting the soil bank through now, and then toward the end of the session, trying to ram through a whole new farm program. Under their plan, the Secretary of Agriculture would be authorized to set support levels at figures that would permit crops to move in regular trade channels. Then the government would pay the farmers the difference between the support

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
APR. 28, 1956

level and 90% of parity. It's a kin to the old Brannan plan, which would have paid farmers the difference between market prices and a set percentage of parity.

The plan probably can't be put over. But its backers calculate that it will help the party's farm appeal.

Further rises in living costs are expected to show up in the months ahead. The Labor Dept.'s consumer price index, which has held just about level since December, inched up a bit in March, from 114.6 to 114.7. The department's living-cost experts figure such things as the stronger trend in home appliances, seasonal advances in food prices, and the coming rise in steel prices will tend to tilt the index upward through fall.

The antitrust blast at General Motors won't bring new legislation. The Senate's monopoly investigating committee criticized the big motor maker's size and some of its practices, but it isn't pressing for any action (page 34).

A part of the staff report is being held back by the subcommittee, and there's no certainty that it will ever be made public. Reportedly, the withheld section includes some proposals to clarify the antitrust laws—to remove overlapping Justice Dept. and Federal Trade Commission jurisdiction, for example. One explanation is that the subcommittee did not want to go on record in an election year with any proposals that might be interpreted as weakening the antitrust laws.

Political competition for the Negro vote is mounting. Note this week's House Judiciary Committee approval of Eisenhower's civil rights proposals, including a commission to investigate violations.

The Republican goal is to break the Democratic hold on Negro votes in industrial areas. The GOP is concentrating on getting influential Negroes, such as ministers and civic leaders, to switch their registration. They have been having some success with the argument that a Democratic-controlled Congress can't pass legislation in which Negroes are interested, because of the hold of Southerners on major committees.

As a result, Northern Democrats are beginning to push harder for such issues in committees where they can force action, even if the effect is to widen the rift between them and their Southern colleagues.

Eisenhower's pull surprises even ardent backers. The President was supposed to run ahead in the Pennsylvania primary. But he got upwards of 60% of the vote, to Stevenson's 40%. In 1952, the Eisenhower-Stevenson split was about 54% to 46%.

This raises GOP hopes of winning back control of Congress. Any time a President can win by a lopsided vote, he carries in senators and representatives.

Whether Southern Democrats will stand hitched or will bolt won't be settled until after the party's August convention. It will depend on the civil rights plank in the platform and on who's nominated. Many Southern leaders are opposed to a third party under any conditions. They would rather see a repeat of 1952, when Eisenhower got a big Southern vote. They argue he is still strong, and they point to polls rating him ahead of such Democratic candidates as Stevenson and Kefauver.

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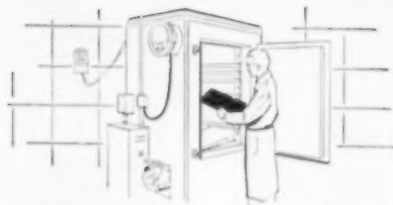
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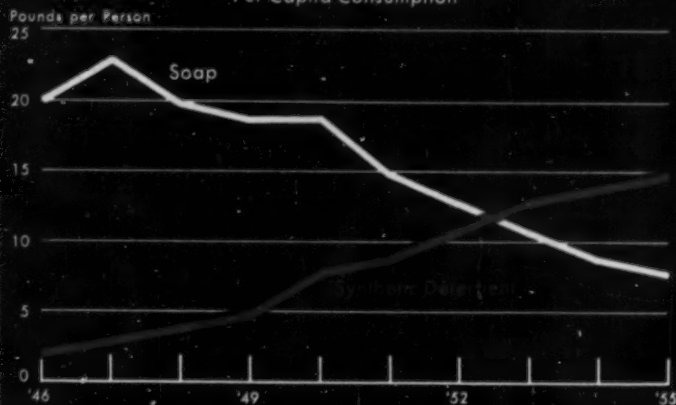
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CHARTS OF THE WEEK

Soap and Synthetic Detergents

Per Capita Consumption



Data: Dept. of Agriculture.

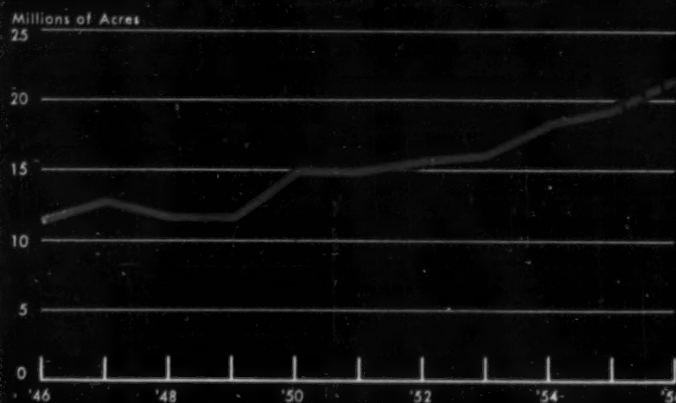
Synthetics Are Way Out Front

Synthetic detergents continued to gain over soap in 1955, the Dept. of Agriculture reports. Though per capita consumption of soap and synthetic detergents combined has remained fairly stable over the years, the synthetics have continued to push deeper and deeper

into the market previously held by soap.

Last year consumption of synthetics amounted to 15 lb. per person, compared with 8 lb. for soap. In 1946, Americans used only 2 lb. of synthetics per capita, while their consumption of soap was 20 lb.

Soybeans Planted



Data: Dept. of Agriculture.

Favorable Prices Are Behind Rise

Land put in soybeans in 1956 will rise almost 11% over last year's peak, the Dept. of Agriculture reports. The

sharp rise in soybean prices since November is the major reason for the increased plantings. Prices have been

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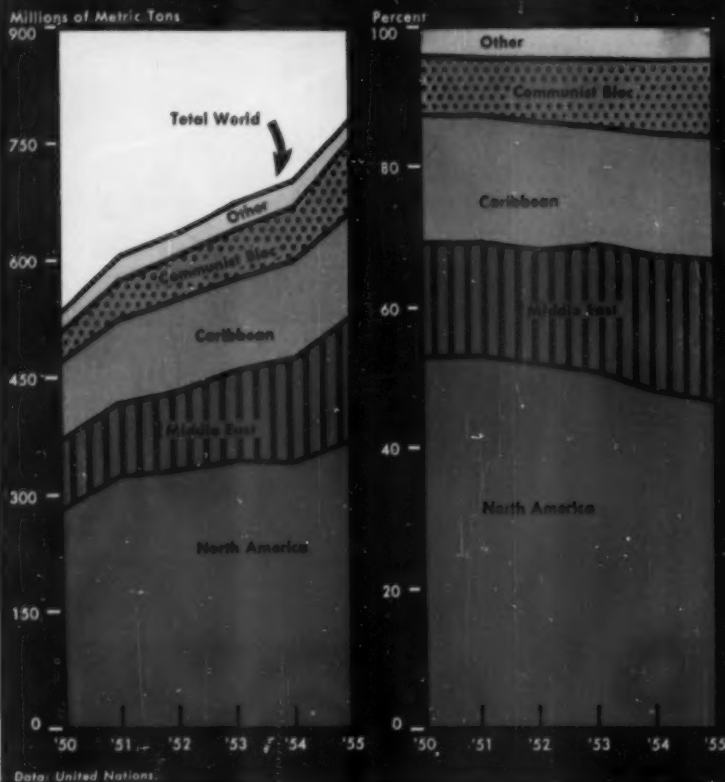
CITY _____

ZONE _____ STATE _____

pushed up by record crushing of soybeans to obtain oil. The shortage of world supply of edible oils has created a strong export demand for soybean oil. Exports of this oil during the months of October through February totaled 190-million lb. This compares with only 19-million lb. exported in the

comparable period of the previous year. Demand for edible oils, including soybean oil, is expected to remain high for a while longer. Mediterranean olive oil output in 1955-56 appears to be much smaller than it normally is. So countries in this area will keep on importing edible oils, in large quantities.

World Crude Oil Production



① Output from all areas adds up to a record-breaking total.

② But North America's share of total is shrinking.

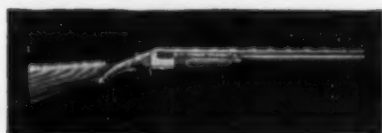
A New World Record

World oil production last year climbed to a new high of 788.5-million metric tons, a rise of 82-million over the 1954 record. This was an increase of 11.6%, reports the Statistical Office of the United Nations, which supplied the figures.

Wells in the Communist bloc (Eastern Europe, U.S.S.R., and the China mainland) chalked up a 17% increase, the largest for any major area. This area produced 137.5-million metric tons of crude oil in 1955. And its share of the world total inched up to 10.8%, compared to 10.2% in 1954, and 8.3% in 1950.

The North American Continent still holds on to first place as the largest producing area. Its production was 369-million metric tons—up 28-million from 1954. Though this was the second largest increase in its history, North America's share of world production continued to slide. It accounted for 46.8% of last year's total as against 48.3% in 1954. As recently as 1951 the figure was 53.3% and before World War II it was 64%.

The Middle East, on the other hand, increased its share of world output, moving up from 19.5% in 1954 to 20.4% in 1955.



a collector's item . . .

Long strips of soft steel, wound about a removable core, formed the Damascus-twist barrels of grandad's old hammer-gun. And they were fine, so long as slow-burning black powder was used. But today's sportsman needs a stronger, safer gun—of *special steels*.

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53.....2,500 to 10,000
181.....Under 2,500

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MANAGEMENT

HOW TO GO BROKE ...

As the year started, Mr. Jones of the ABC Co. was in fine shape. His company made widgets — just what the consumer wanted. He made them for 75¢ each, sold them for \$1. He kept a 30-day supply in inventory, paid his bills promptly, and billed his customers 30-days net. Sales were right on target, with the sales manager predicting a steady increase. It felt like his lucky year, and it began this way:

Jan. 1 Cash \$1,000 Inventory \$750 Receivables \$1,000

In January, he sold 1,000 widgets; shipped them at a cost of \$750; collected his receivables — winding up with a tidy \$250 profit and books like this:

Feb. 1 Cash \$1,250 Inventory \$750 Receivables \$1,000

This month sales jumped, as predicted, to 1,500. With a corresponding step-up in production to maintain his 30-day inventory, he made 2,000 units at a cost of \$1,500. All receivables from January sales were collected. Profit so far: \$625. Now his books looked like this:

That's Why Companies

Like Mr. Jones in the story above, a lot of companies—some of them giants of industry—are hollering for their bankers these days (BW—Apr. 21'56, p25).

In the midst of soaring profits and sales, they are rediscovering a fact of business management that superficially looks like something of a paradox: Profits aren't the same thing as cash in the bank when it comes to paying your bills.

If it's a paradox at first glance, it's also, at second glance, somewhat obvious. But in the long-extended period of easy money—low interest rates and readily available sources of credit—dating back beyond World War II, management has often been able to overlook it with impunity.

I. The Prosperity Squeeze

But now a whole series of events have ganged up to make businessmen acutely aware of the importance in management planning of cash—and of look-

ing ahead to make sure the cash will be around when it's needed.

- Perhaps more than ever before in the experience of many companies, cash requirements are at an all-time high.

- Booming sales and production, heavy capital expenditures, and big tax bills on 1955's hefty profits are chiefly responsible.

- The resulting record demand for corporate borrowings has helped push money rates for all but top-rated companies well above 4%.

- What's more, this demand for money—coupled with the tight credit policies the Federal Reserve has adopted to restrain what some fear could turn into a runaway boom—has drained banks of lendable funds. Many marginal borrowers are getting a "sorry" from the bankers when they ask for additional money to finance their prosperity.

For many firms, especially smaller ones, this experience—boom times, lack of available capital, the suddenly high

WHILE MAKING A PROFIT

Mar. 1 Cash \$750 Inventory \$1,125 Receivables \$1,500

March sales were even better: 2,000 units. Collections: On time. Production, to adhere to his inventory policy: 2,500 units. Operating result for the month: \$500 profit. Profit to date: \$1,125. His books:

Apr. 1 Cash \$375 Inventory \$1,500 Receivables \$2,000

In April, sales jumped another 500 units to 2,500 — and Jones patted his sales manager on the back. His customers were paying right on time. Production was pushed to 3,000 units, and the month's business netted him \$625 for a profit to date of \$1,750. He took off for Florida before he saw the accountant's report:

May 1 Cash \$125 Inventory \$1,875 Receivables \$2,500

May saw Jones' company really hitting a stride — sales of 3,000 widgets, production of 3,500, and a five-month profit of \$2,500. But, suddenly, he got a phone call from his treasurer: "Come home! We need money!" His books had caught up with him:

June 1 Cash \$000 Inventory \$2,250 Receivables \$3,000

He came home — and hollered for his banker.

Go for Cash Forecasts

cost of borrowing—is new. A Boston banker who specializes in financing smaller companies, said last week, "These companies have been riding along on the boom. Now they are learning that it takes cash—and we aren't in the position to provide it."

• **Big Ones**—A number of large corporations, too—some of them for the first time in years—have had to go scurrying for outside funds in the past few weeks to pay their bills.

Take General Electric Co. as one example. To meet tax payments, it had to borrow \$100-million from banks—and then arrange for a \$300-million debenture issue to add to its working funds. It will probably need more short-term borrowings "from time to time." Part of the reason is anticipated sales boosts, large capital outlays, and the big tax bite.

Tide Water Associated Oil Co.—whose yearend report showed accounts receivable outweighed by accounts payable—had to cut back its proposed \$100-million debenture issue to \$50-million,

get a five-year bank loan for the other \$50-million.

Companies also are finding that lines of bank credit which they considered well-established have begun to run out. In the past all that was needed was a phone call. Now, this easy access to cash has vanished.

What management in many companies faces in this situation is a classic example of the prosperity squeeze.

II. Neglected Tool

That's one reason why cash planning—or what is simply a forecast of how cash will flow in and out of your business—is once again being recognized by top policymakers as a vital management tool. Not only has management often ignored it in the past in its drive for improved practices, but even schools and textbooks have been lax in making its importance clear.

Such ideas as profit-and-loss and return on investment, on the other hand, are widely understood through many

levels of organizations. Even a department manager handling a single product will know what makes the ink black in the final entry at the foot of the operating statement—for profit-and-loss, of course, is the measure of his success, and even of part of his compensation.

• **Contrasts**—But when you deal with cash—something about which only a few people at a company's top levels need concern themselves—profits are no longer the key. In fact, you can show quite small profits—even losses—and still be in a healthy cash position.

The airlines, for instance, though they showed remarkably low profits after the war, have only recently found themselves in need of external sources of cash (BW—Oct. 8 '55, p. 78). Because of a rapid return on capital investments, charged against operating income, they could produce a good deal of their cash needs internally.

Conversely, as with General Motors during one of its greatest profit years, you can come up short of cash just when your business demands it most. GM sold \$300-million in debentures in order to replenish its badly depleted working capital funds.

III. The Cash Box

Without outside financing, a company's cash essentially has to come from (1) sales, or (2) what's been tucked away in the sock from former years' operations. Many companies, as in the textbook case of Montgomery Ward & Co., went into the postwar period with oodles of cash and nowhere to put it. If they've held onto it, they're now in a fine position for whatever comes along—but at the expense of a smaller return on capital through the years the money was held.

There are some other cash sources, too—such things as dividends from investments in subsidiaries, sale of capital assets, tax refunds in the case of losses, advances on defense contract work. In these boom days, though, it's doubtful that a healthy outfit will have offsetting losses on taxes, or a yen to sell off assets. And subsidiaries may be just as short of cash as their parents.

• **Cash Lag**—You always have to come back to the sales dollar. But unfortunately, businessmen find that the sales dollar has an elusive way of not returning to the till when they want it. That, in essence, is what creates the drain on cash. In accounting terms, the lag is called accounts receivable—which can vary in their cycle of payments from days to years, depending on your business.

In a highly competitive business like appliances, for example, more and more companies extend credit by delaying collections from distributors or dealers until the seasonal retail peak. Though



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"... too many companies, experts say, have overlooked the dynamic character of business..."

STORY starts on p. 46

it ties up cash, it's often necessary to (1) assure future sales, and (2) maintain a reasonably level production cycle.

Even when the dollars do come tinkling in, management may find it has to plow them right back into the business to carry inventory—raw materials, work in process, or finished goods in stock and in the distribution pipeline. This inventory buildup is contributing right now to the cash drain on business—in the rush to build up steel inventories, for instance.

• **Balance**—These two items—accounts receivable and inventory—are the heart of the cash problem.

Offsetting them are accounts payable—what you owe but don't have to pay tomorrow—and such accrued costs as payroll and taxes.

It's the balance and timing between these two sets of items, of course, that determines how full your till will be at any particular time.

• **Trap**—This leaves out of account the idea of depreciation—which has turned out to be a trap for some unwary businessmen. They look at the heavy depreciation charges and regard them as a source of internal cash generation.

Actually, depreciation is merely a faucet by which a company can tap the flow of cash as it goes from sales down to net income. It enables a company to pay less taxes and dividends, since it reduces net. But unless there's a cash flow to tap, it's just another accounting item on paper.

IV. Dynamics of Cash

To any highly seasonal business, there's nothing strange about the draining and refilling of a company's cash balances. Such companies have come to understand and live with this.

But it's the contention of some financial experts that too many companies, even big ones, have overlooked the dynamic character of business today. They depend too often on past experience to tell them what kind of working capital—more specifically, cash—they'll need, without providing against the rapid shifts that come in today's fast-moving business.

When you look at figures on the books, you may be lulled into thinking there's no shortage of money. Last Sept. 30, corporate tills of manufacturing companies contained cash or temporary investments of \$28-billion—or 15.5% of their total assets. Though



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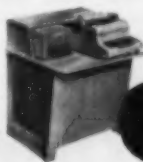
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"... in the next few years, detailed cash forecasts will become standard ..."

STORY starts on p. 46

this looks big, it represented only 37 days of sales. You can see what any sharp change in plans could do to the cash position.

• **No Rules of Thumb**—Prof. Charles M. Williams, Harvard Business School's expert on financial institutions, says:

"Everything that happens to a business affects cash. In our kind of economy, the complexities make rule of thumb or historical guesstimates unsatisfactory."

He meant, among other things, that companies can't rely just on past experience when they're changing as rapidly as they do today—with those used to the capital goods business moving into consumer products, and companies diversifying into fields with far different cycles of cash payouts and receivables.

Companies, too, are more and more taking the long look—gearing plant and equipment outlays to predictions of volume five to 10 years away. But substantial short-term shifts in the meantime can upset the best laid plans.

• **What It Takes**—It's a paradox of cash planning that you can do a good job if you're in a stable economy or business—when you need it least. It's in a fast-moving economy that predictions about what will happen to your cash become tougher—and that's just when top management needs to know most.

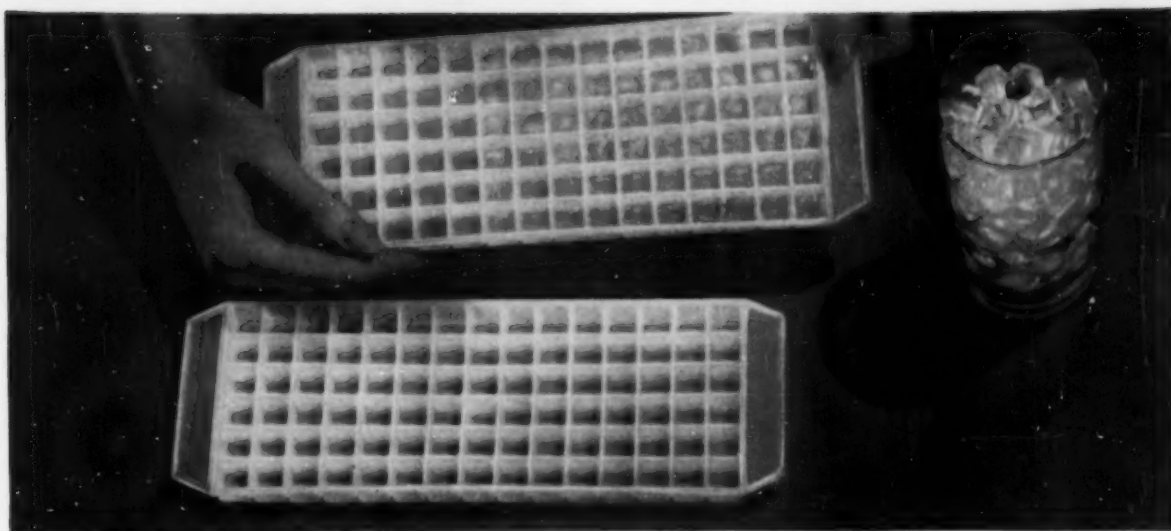
That's why cash planning in any shifting or expanding business requires a system of topnotch budgetary planning and control behind it—a better job, in fact, than many budgets now provide. Bad guesses on a sales, production, or even capital expenditure plan can be overcome by fast footwork. But for close cash planning, those same mistakes can be costly.

Today that's especially true for companies that are suddenly finding themselves short of money—with bankers getting tough about bailing them out.

One banker, for instance, said he is looking "with an especially jaundiced eye" at companies who haven't maintained satisfactory balances with his institution. He is taking care of his regular customers—those who keep high balances and have been in the market before—and asking others why they have held such small deposits with the bank.

V. Cash Forecasting

This insistence of bankers on forcing businesses to lay out some sort of schedule of payments—what amounts to a



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" . . . the treasurer can quickly pay for his salary and then some . . . "

STORY starts on p. 46

cash flow sheet—has been gathering speed, and the current money shortage is giving it another push.

Prof. Williams thinks that in the next few years detailed cash forecasts will become almost as standard a requirement for bank loans as profit-and-loss statements are now.

• **Technique**—The techniques of cash forecasting are nothing more than an extension of the normal budgetary forecasts almost any business has to make—but they focus on the actual dollars coming in and going out in particular time periods. On the income side, it's not so important how much your sales are at any given time—but when you get paid for them and in what type of time cycle. The same goes for purchasing.

This brings new factors into your accounting. If you're paying your bills in 30 days but have a 45-day time lag in receipts, there'll obviously be a 15-day period when cash is short.

Just how you break down your income and outgo of cash—by days, months, or quarters—depends on how fast a business you have. But the whole idea is to anticipate the cash drain far enough ahead to avoid "midnight" financing—especially in a tight market.

• **Cases**—Monsanto Chemical Co. has firm predictions on cash needs, tied to longer-range plans, for every month for two years ahead.

Some companies are using mathematical models based on a "days-of-sales" ratio system devised by Richard M. Rothschild & Co. In the Journal of Accountancy, Rothschild and Paul Kircher, a professor of accounting, tell how they analyze such working capital variables as terms offered by suppliers, terms offered to customers, average days of lead time for inventory—and come up with ratios for working capital needs in terms of daily sales.

• **Rejiggering**—Such forecasts allow a company to try to rejigger items to reduce the amount of cash needed. Or a distributor may try to get the manufacturer to bill him closer to the time he'll make the sale—as Ford Motor Co. did last week. Instead of billing dealers on date of shipment, Ford henceforth will make payments from dealers become due the day cars are scheduled to arrive at the dealers. This pulls two main cash items—receipt from customer sales, and payment to the factory—several days closer together, reducing the cash balance needed by the dealer.

• **Push**—There are other cases, too, where the push toward cash forecasting






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"... a company with a well-planned system of payments is a welcome borrower..."

STORY starts on p. 46

has come from another source besides the banker. York Corp. has for some years provided its distributors with the necessary forms and helped them prepare cash forecast books. York wants two things out of the system. First, of course, is healthy distributors. Secondly, York has become something of a banker because of a system, now growing in the packaged air-conditioner field, of dating bills ahead. As a result York wants to know how distributors will pay it for the goods. But, as York discovered, not all businessmen like the idea of such cash planning. It takes too much figuring.

Cash forecasting, however, provides some real payoffs that make the pencil sharpening worthwhile.

In the first place, the treasurer who can reduce the need to borrow at today's 5½% to 6% rates can quickly pay for his salary and then some. And if he can actually foretell just when his company will need hard cash, he can invest temporary surpluses in highly liquid securities. That's what smart money managers of big companies are doing now. Gulf Oil Corp. in the past few years has invested \$300-million in various securities, earned \$7-million. Today the 91-day commercial paper market is dominated by excess corporate cash—a sign that this is a time when idle cash can cost you money.

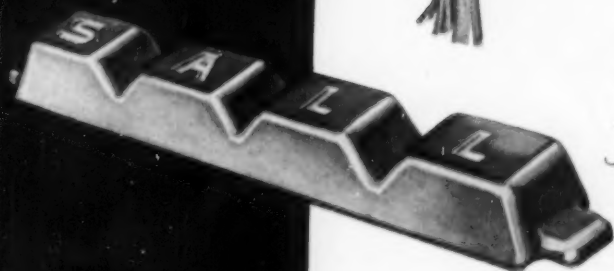
Corporate investment in commercial paper adds another twist to the problem of raising cash. Big, well-heeled companies, anticipating still higher interest rates, are not paying back their bank loans. Rather, they are hoarding the cash or investing it in short-term paper. Thus, they are not depositing cash in banks, and that adds to the shortage of lendable money available to other companies.

• Welcome Mat—Another payoff for cash planning is at the bank. Bankers say a company with a well-planned system of payouts is a welcome borrower. When banks are as choosy about their loans as today, this can mean the difference between credit and a shake of the head.

Harold Koontz and Cyril O'Donnell, authors of the newly published *Principles of Management* (McGraw-Hill, page 664), put it this way:

"The truest kind of security for a loan is the ability of the borrower to repay promptly, an ability best shown by the probability that he will have cash with which to do so." **END**

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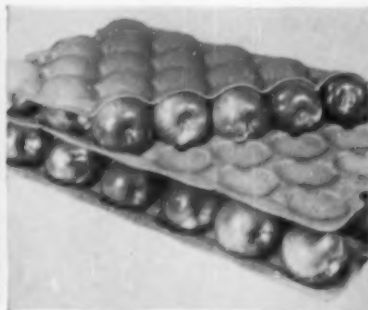
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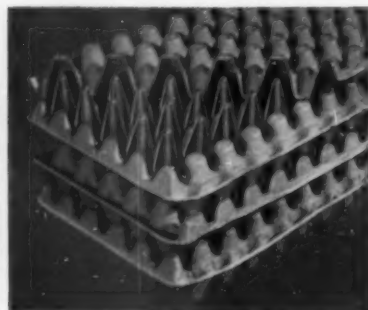
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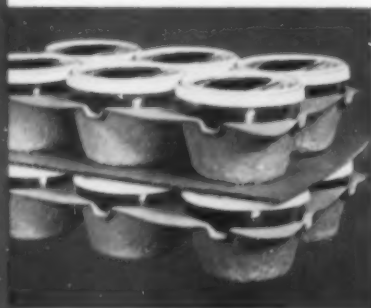
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ENTRENCHED as owner of Marquis-Who's Who, Wheeler Sammons, Jr., fends off a suit for a controlling interest by . . .



CHALLENGER Jackson Martindell, president of American Institute for Management, who has a 4-year-old claim.

Who's Who at Who's Who

It's getting harder and harder to find out just who will be who at Who's Who in America, standard checklist of leading Americans in business and the arts and sciences. Marquis-Who's Who, incorporated nonprofit foundation that publishes the reference series, is in the middle of an ownership tug-of-war.

The present owners, headed by Wheeler Sammons, Jr., have filed an answer to a suit brought by Jackson Martindell, head of the American Institute for Management, a nonprofit research group that claims 15,000 members. AIM specializes in evaluations of company managements, publishes an annual Manual of Excellent Companies, and recently published an "audit" of the Roman Catholic Church (BW-Mar. 3 '56, p64).

Martindell claims he's entitled to buy control of Who's Who under an agreement with Wheeler Sammons, Sr. Sammons, Jr., who took over when his father died last February, says the agreement is no longer in effect.

• **Line of Succession**—The company was originally known as A. N. Marquis Co., after its founder, who copyrighted the first Who's Who in America in 1899 and managed the firm until 1937. Meanwhile, Wheeler Sammons, Sr., became associated with Marquis in 1928. He took over management and, eventually, ownership in partnership with his wife.

Sammons expanded the line of publications also to include Who's Who in Commerce and Industry, the Directory of Medical Specialists, and such regional books as Who's Who in the

Midwest, and so on. In 1952, he incorporated the business, with 425 shares of \$3 par common stock and \$425,000 in debentures, owned 20% by Sammons and 80% by Mrs. Sammons.

• **Martindell's Claim**—At the same time, according to Martindell's suit, Sammons signed an agreement in which Martindell lent him \$125,000 in return (1) for a 20-year mortgage on the company building and \$125,000 of the Who's Who debentures and (2) for an option to buy 67% of the company's debentures and common stock 10 years from the date of the loan or, in the event of Sammons' death, within six months after an administrator for the estate was appointed.

Sammons, Sr. died in February. On Mar. 5, the Lake Shore National Bank was named as administrator for his estate. On the same day, the Who's Who board authorized redemption of the \$425,000 in debentures that had been issued to Mr. and Mrs. Sammons. The board sent a letter to Martindell to notify him that the redemption had been completed and to ask the return of the debentures, mortgage, and other papers he held.

To redeem the debentures, the board took \$185,000 out of its working account—\$60,000 to repay Sammons' estate and \$125,000 to redeem the note to Martindell—and settled with Mr. Sammons by a \$240,000 demand note.

• **Not Satisfied**—On Mar. 7, Martindell telegraphed the directors, following up with a registered letter, to say he was exercising his right to buy 67% of the debentures and common stock;



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Battle Creek, Mich. W8 2-8486	New Orleans, La. CA. 7151
Birmingham, Ala. 54-2662	Oakland, Cal. CE 2-8912
Buffalo, N. Y. Madison 2252	Philadelphia, Pa. BI. 6-1322
Cincinnati, O. Main 1-3436	Pittsburgh, Pa. EX. 1-3222
Cleveland, O. TO. 1-991	Portland, Ore. CA. 2-2332
Columbus, O. CA. 1-7176	Rochester, N. Y. Baker 1315
Dallas, Tex. Randolph 3981	Sacramento, Cal. GL. 3-2860
Dayton, Ohio 6-1623	San Antonio, Tex. CA. 7-1217
Des Moines, Iowa 2-8254	San Francisco, Cal. BU. 1-0265
Detroit, Mich. W8. 3-9510	San Jose, Cal. CV. 7-5768
Fl. Wayne, Ind. Eastbrook 5869	Seattle, Wash. Seneca 5959
Fort Worth, Tex. ED. 2-2535	St. Paul, Minn. CA. 4-3394
Grand Rapids, Mich. GL. 9-0324	Syracuse, N. Y. 5-2102
Houston, Tex. CA. 2-7785	Tacoma, Wash. Fulton 2188
Indianapolis, Ind. ME. 5-4400	Tempe, Ariz. CH. 6-2211
Kalamazoo, Mich. 5-4247	Tulsa, Okla. LU. 5-5830
Kansas City, Mo. BA. 1-9229	Washington, D. C. ST. 3-3448

RUSSELL KELLY OFFICE SERVICE



Headquarters, Free Press Bldg.,
Detroit 26, Michigan

WORLD'S LARGEST SERVICE SUPPLYING
WHITE COLLAR GIRLS EXCLUSIVELY



whatever the job...

PERMACEL®

has what it takes!

a Johnson & Johnson company

"... four years ago, Who's Who and AIM rode out another storm ...

STORY starts on p. 57

on Mar. 13, he filed suit in U.S. District Court in Chicago to:

- Establish and enforce his right to the debentures and stock.
- Enjoin Who's Who from transferring any securities on its books.
- Have a receiver appointed.
- Recover \$30,000 for services allegedly performed for Who's Who by AIM.

The court denied his plea for appointment of a receiver, but it froze any transfer of stocks or debentures until the matter can be cleared up.

• **Deception?**—Martindell alleges that the redemption of the debentures was a conspiracy and a sham and should be declared null and void. He says the debentures had not been redeemed in series as they should be, and under his agreement with Sammons, Sr., he still has a right to buy 67% of the stock, even if the debentures are considered to have been properly redeemed.

The Who's Who management replies that the redemption was accomplished legally on Mar. 5, before Martindell had moved to exercise his option. A valid tender of funds for the debentures was made to him, the defendants say, and is still waiting for him in the bank. Sammons, Jr., says the agreement clearly gave Martindell a chance to acquire stock only on the basis of one share for each \$1,000 debenture that he held. Since the debentures have been redeemed, he says, Martindell can't get hold of any stock.

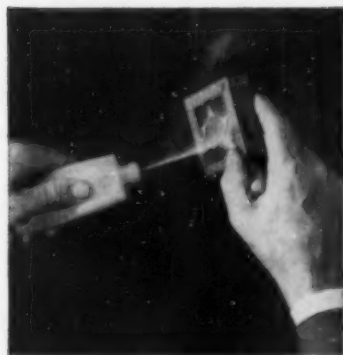
Trial of the suit is scheduled tentatively for next fall. Meanwhile, business goes on as usual at Who's Who. Sales of new directories are said to be at a record level, and print orders have been increased.

• **AIM Tie-In**—Four years ago, Who's Who and AIM rode out another storm. When Martindell lent Sammons the \$125,000, their association was strengthened by Sammons' election to AIM's board of directors.

AIM sent out a brochure to prospective members announcing its designation as a nominating board to the listings committee of Who's Who editors. (Who's Who's lawyer says there has never been such a designation.) Soon Sammons began getting angry letters from readers who got the impression that membership in AIM could be a big help in getting listed in Who's Who. Reportedly on his protest, AIM revised its brochure and sent letters of explanation to all those who had written to Sammons. **END**



How much business will you lose this summer?



WORTHINGTON CLIMATE MAN demonstrates how dust and dirt are trapped by air conditioning filter to keep your stock clean, save on redecorating costs.

WORTHINGTON Climate Man with unique "see-it-yourself" demonstration shows you best way to stop summer slowdown

You can't pick up the business you lost in last summer's heat, but you can make sure it doesn't happen again.

First step is a call to your Worthington CLIMATE MAN. He'll show you how little it costs to take the slack out of summer business with Worthington air conditioning. His visual demonstration features color shots of typical installations, plus actual samples of materials used in Worthington equipment. See for yourself how new FLEXI-COOL units hang from the ceiling to save valuable floor space . . . where smart-looking packaged units can fit.

Before he's finished, the CLIMATE MAN will blueprint an installation for your store, showing the complete cost picture. He'll also show you figures on how much Worthington air conditioning has boosted sales for other folks.

Get the full picture-story by calling your Worthington CLIMATE MAN today. He's one man who can *show* you how to win new customers—and keep old ones—even in the hottest weather. Worthington Corporation, Air Conditioning and Refrigeration Division, Section A.6.52-W, Harrison, New Jersey.

A.6.52

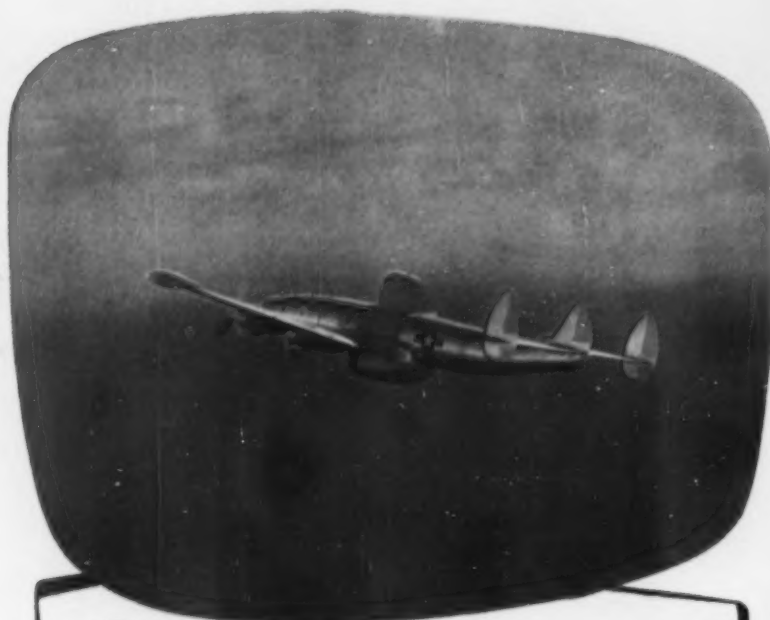
WORTHINGTON



CLIMATE ENGINEERS TO INDUSTRY, BUSINESS AND THE HOME

Look for the seal of the Worthington Climate Man





sentinels now peer over the rim of the world!

Today, our country's defenders stand guard miles in the air . . . with "eyes" that see through darkness, fog, and all kinds of weather . . . in their constant vigilance against surprise attack. Navy and Air Force early warning planes, ever on guard, use radar control center and height finder radar built by Texas Instruments.

The defensive "eyes" of these Lockheed Super Constellations cannot "blink." They must show a *constant, clear* radar image at *long* ranges. But this is only part of the problem. The national defense dollar must be stretched. This calls for low first cost, low upkeep, and on-time delivery. Because TI-built equipment meets *all* these standards, Texas Instruments has long been a member of the national defense team . . . designing and producing radar, sonar, and other systems for search, communications, navigation, fire control, and missile control.

For over a quarter century, Texas Instruments . . . one of the world's largest geophysical contractors . . . has also been making electronic and electromechanical devices and systems for geophysical exploration and instrumentation . . . and is now the leader in mass production of high temperature silicon transistors and germanium radio transistors. As a result of planned growth, TI now serves industrial and military customers from nation-wide sales offices . . . supplied by manufacturing plants near the geographical center of the U. S.

keep an eye on TI



TEXAS INSTRUMENTS

INCORPORATED

6000 LEMMON AVENUE DALLAS 9, TEXAS

Chemical Nuptials

Merger with Cosden Petroleum will make W. R. Grace fifth largest chemical company in U. S.

Last week, executives of W. R. Grace & Co. and Cosden Petroleum Corp., Big Spring, Tex., agreed to a merger of the two companies. If shareholders approve the deal, sometime this summer, Cosden's \$50-million volume will make Grace—along with its other activities—the fifth largest chemical company in the country (somewhere behind Olin Mathieson). It will also give Grace a new low-cost process for making styrene—an important raw material for plastics and synthetic rubber.

• **Gains for Both**—The combination looks like a good thing for both sides. Cosden, described as a "hot little company in need of capital," has been shopping around, talking to quite a number of prospects. Marriage with Grace offered Cosden management a chance to tap a fat source of growth capital, and to continue to guide Cosden's growth as a semi-independent operation. That's why it accepted the Grace offer to pick up Cosden's 1,036,322 outstanding shares, in preference to others.

Grace, which will give 1.025 of its shares for each one of Cosden's, gets a growing concern with able management. It gets entry into the production, refining, and marketing of oil products, plus a going petrochemical business, and a source of supply for some chemicals it previously had to buy.

Grace has been working on the fringes of the petrochemical business through its ammonia plant, its Dewey & Almy Div.'s catalyst and resin business, and the new polyethelene plant it is building near Baton Rouge, La. Up to now this activity has been based on natural gas—which had to be bought. Through Cosden it can get an abundant supply of oil, and plenty of chemical talent to develop the profitable petrochemical side of the business.

• **New Process**—Besides all that, there's Cosden's newly developed styrene process, which has the plastics industry buzzing. It will be used at a \$3-million, 20-million-lb.-per-year plant now being built at Big Spring to produce a less expensive styrene than now available (BW—Mar. 31 '56, p. 88).

Styrene is made by the dehydrogenation of ethyl benzene. The new process skips a costly and troublesome step by recovering ethyl benzene directly from petroleum stocks. **END**

A Report from the **STEEL CENTER** of Mid-America



GRANITE CITY STEEL ERECTS NEW BLAST FURNACE SHELL OFF-SITE—MINIMIZES LOST PRODUCTION TIME AS EXPANSION CONTINUES



*John Marshall,
President, reports on
progress in Granite
City Steel's third
big-scale expansion
in 7 years*

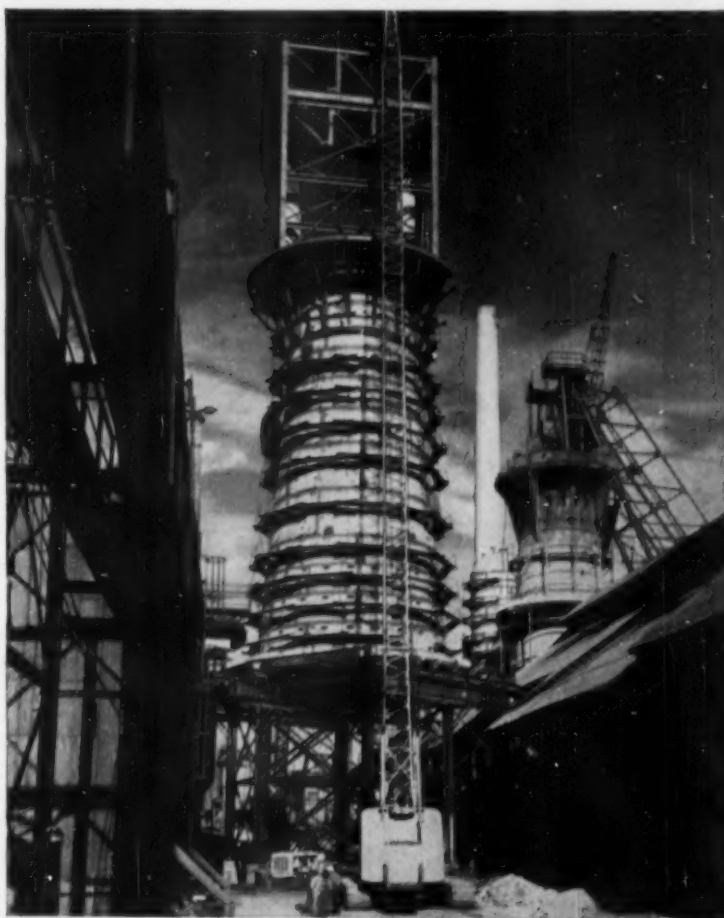
"A new enlarged blast furnace is being groomed for duty at Granite City Steel in a most unusual way.

"Instead of first tearing down the old furnace and then erecting a new stack on the old foundation, we built the larger, 605-ton stack off-site on a platform 65 feet away — and moved it into place over a trestle by means of steel rollers!

"This seldom-used construction technique allowed us to hold the old furnace in operation months longer and keep our down time to a bare minimum.

"But the bigger story is in the reason behind the new blast furnace. The new furnace with double the pig iron capacity is part of an expansion program to raise ingot production another 30% — our *third* major expansion in recent years.

"As Mid-America's natural steel center, this continued expansion is our expression of faith in the industrial Midwest — and a future that looks mighty good to us."



In foreground, 171-ft. shell of new blast furnace under construction, off-site on platform. Old furnace being dismantled at right background.

GRANITE CITY STEEL

And subsidiary: Granco Steel Products Co.

Granite City, Illinois

When should

service awards be made
to long-time employees?
Depends on your company's
needs and industry trends

With service awards becoming increasingly important as a means of rewarding (or retaining) loyal, experienced personnel, many executives are asking such questions as "When is the proper time to make awards?" and "What is the most suitable award?"

To give the most effective guidance on this subject, Hamilton Watch Company—one of the oldest leaders in the field—has set up a complete program of assistance. Its service is perhaps the most helpful available because it is based on decades of close cooperation with companies of all sizes and types. Hamilton has workable suggestions for everyone.

Actually, there is no one "proper time" to consider an employee award program. Sometimes companies are motivated to act during an anniversary celebration. Others set up awards because a labor contract is in the offing or when the time is opportune, tax-wise. Basically, any time is the right time because there is always a need for employee recognition in appreciation of years of service, sales accomplishments or safety records.

The trend recently has been toward shortening the "waiting period." This is particularly true in fields where scarcities exist. (Engineers, creative men, top salesmen and other specialists are constantly being lured away by competitors or big-name leaders in other fields.) According to Hamilton's records, there is an increase in the number of firms awarding fine watches to employees for 10 or 20 years of service rather than on the former 25 or 30 year basis.

Now you can get a step-by-step outline of available material, promotional help and presentation techniques. Just request Booklet B-4 today on your company letterhead. Write: Presentation Sales Division, Hamilton Watch Company, Lancaster, Pa. or clip this coupon.

Hamilton

Dept. No. B-4
Presentation Sales Division
HAMILTON WATCH COMPANY
Lancaster, Pa.

☐ Please mail me a copy of your booklet,
"How to Get the Most from an
Employee Award Program."

My primary interest is in award programs
for:

☐ Service ☐ Safety
☐ Sales ☐

NAME _____ TITLE _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

In Management

• • •

Tide Water Oil Pushes Expansion With Buying and Building Splurge

The two-year-old expansion and modernization program at Tide Water Associated Oil Co., is still racing along in high gear.

Last week Tide Water bought Holt Oil Co., Fredericksburg, Md., which owns 200 service stations, and the Sagamore Oil & Tire Co., Watertown, N. Y., which owns two. Last month it picked up the Lincoln Oil Co., Mt. Vernon, N. Y., with 26 service stations. And Tide Water says this isn't all—it still has an eye out for other properties.

Besides buying stations, Tide Water has been on a building spree. It completed 229 service stations in 1955, and will finish another 201 by the end of this year. Further down the chain, it plans to put a \$130-million, 130,000-bbl.-per-day refinery near Wilmington, Del., on stream by next spring. It's also expanding its tanker fleet and pushing oil exploration at home and abroad.

• • •

Guaranty Trust Puts New Twist In Multicompany Pension Funds

Since last January, when the Manufacturers Trust Co. of New York got the nod from the Treasury Dept. to pool numbers of tax exempt pension and profit sharing trust plans into one giant fund, such plans have been spreading (BW—Jan. 21 '56, p. 96).

Now Guaranty Trust Co., also of New York, has come up with a new twist on this.

Guaranty Trust has set up two funds, one in common stock, the second in bonds and other investments. This way companies can invest in either or both funds in any ratio they want, tailoring their funds to suit their needs. "We've found a lot of interest and expect to see a lot of growth," says a company spokesman, who points to these advantages for commingled funds:

- They are cheaper. They consolidate the overhead costs of operating a raft of small funds.
- They open the way for small and not so small companies that couldn't carry a plan on their own hook to do so in conjunction with other outfits.
- They represent large aggregations of capital—much of it previously untapped—and so are attractive to banks.

Up to now companies joining the plan couldn't pick and choose the particular ratio of stocks to bonds they wanted. Guaranty Trust's method gets around that difficulty.

• • •

Brink's Armor Holds Off Pittston —At Least Until ICC Can Rule

Another Chicago company now fighting off control from New York is Brink's, Inc., the armored car service, which is being sought by Pittston Co., a New York holding company.

Just now the fight's at a standstill, with Pittston prevented by federal court action from acquiring Brink's until the Interstate

Commerce Commission can make an antitrust review. And that's likely to require 18 months or more.

The fight began in February when Pittston, which owns U.S. Trucking Corp., a competitor of Brink's, bought 44,500 of Brink's 200,000 shares, and offered to buy more.

Brink's management, led by Pres. H. E. Reeves, countered with a stock-buying offer of its own, and went to U.S. District Court in New York. So Brink's annual meeting, already twice postponed, is off indefinitely.

• • •

Cordiner Would Tell World About U. S. Economy

Pres. Ralph J. Cordiner of General Electric Co. last week keynoted the new McKinsey Foundation Lectures at Columbia's Graduate School of Business Administration. The U.S., where large-scale economic enterprises have taken the form of the modern corporation, he said, is evolving a wholly new form of capitalism—a widespread people's capitalism. He urged Americans to understand this unique experience themselves, and to communicate it to the rest of the world better than this has been done so far.

To contribute to this understanding, Cordiner in a series of three lectures is taking GE as a case study of the problems, responsibilities, and impact of a big corporation on the economy.

• • •

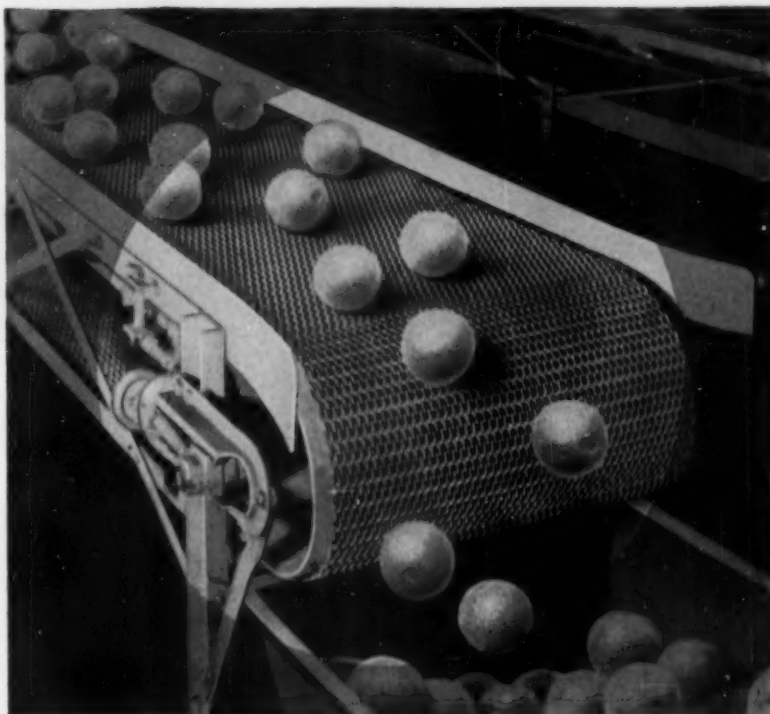
Management Briefs

Expansion via integration: Fruehauf Trailer Co. has picked up for an undisclosed sum Independent Metal Products Co., a supplier of tank shells for Fruehauf tank-trailers.

American Cyanamid Co. has completed its acquisition of Formica Co. (BW—Feb. 11 '56, p54). This adds 1955 sales of \$36-million in plastic laminates to Cyanamid's \$451-million in chemicals and plastics.

Trevor Gardner, recently resigned Assistant Secretary of the Air Force, has become chairman of the board of Hycon Mfg. Co., Pasadena, Calif., producer of electronics and missile equipment.

How HKP serves industry



ORANGES TUMBLE off a stainless steel woven wire belt, made from wire supplied by Alloy Metal Wire Division, H. K. Porter Company, Inc.

NON-FERROUS METALS . . . AND STAINLESS STEELS

Every industry, from aircraft to zipper, needs special metals to meet special conditions of fabrication and use.

Of the 13 H. K. Porter Company, Inc. divisions, two are specialists in producing these non-ferrous metals: *Riverside Metal* in New Jersey and *Alloy Metal Wire* in Pennsylvania, also a specialist in stainless steels.

As in all Porter divisions, *service* is the key word at these two divisions. To increase Riverside's service, Porter has spent over \$1½ million to expand and modernize plant facilities. At Alloy, much new equipment has been installed, including a new 4-high mill, new rod polishing machines, new die finishing and new gas cracking equipment.

As Porter divisions grow so does their service to industry.

H. K. PORTER COMPANY, INC.

ALCOA BUILDING, PITTSBURGH, PENNSYLVANIA

Divisions of H. K. Porter Company, Inc.

ALLOY METAL WIRE, PROSPECT PARK, PA. • CONNORS STEEL, BIRMINGHAM, ALA. • DELTA-STAR ELECTRIC, CHICAGO, ILL. • HENRY DISSTON, PHILADELPHIA, PA. • ESECO, JOLIET, ILL. • LACLED-CHRISTY, ST. LOUIS, MO. • LESCHEN WIRE ROPE, ST. LOUIS, MO. • McLAIN FIRE BRICK, PITTSBURGH, PA. • QUAKER PIONEER RUBBER, SAN FRANCISCO, CAL. • QUAKER RUBBER, PHILADELPHIA, PA. • RIVERSIDE METAL, RIVERSIDE, N. J. • VULCAN CRUCIBLE STEEL, ALBUQUERQUE, PA. • W-S FITTINGS, ROSSELLE, N. J.



"The ace of spades says we trade 'em in"

Economics, not chance, should govern trade-ins of old typewriters.

If, after x years, yours cost too much to service and turn out bad-looking work, get rid of them. Get new Royal Standards.

Your typists will do *more* work . . . easier and better. There'll be less time out for repairs and lower service costs, too.

Salary, rent, light, heat, telephone, typewriter and supplies are all part of the "typing station" cost. Did you realize that *one new Royal Standard* represents less than 1% of this charge?

"But how *many* years is x years?" That's a fair question which your local Royal Representative can answer for you. It varies from business to business, of course. Why not call him today?



ROYAL standard

electric • portable • Roytype® business supplies

Royal Typewriter Company, Division of Royal McBee Corporation

Yugoslav dictator Tito has won his eight-year gamble, playing off Soviets and West to maintain his regime. As he moves back to Soviet fold, Russia is sacrificing some of his old enemies in the Balkans (below) as offerings for the . . .



Return of a Red Prodigal

MARSHALL TITO (above) is polishing off his old Communist enemies (below) in the Balkans these days. The men who are disappearing from the hierarchy of Russia's satellites in the Balkans are sacrificial offerings made by Moscow to the Yugoslav dictator. That they are being lopped out

of the Balkan Communist parties is a sure sign that Tito is now back in the Soviet fold.

Tito's return to orthodox Communism is a major success for the policies of the Soviet Union's post-Stalin "collective leadership." The Kremlin leaders have paid dearly for

this success. But if they have removed the threat of Titoism, then they must reckon that the price they have paid was worth it. For Titoism was one of the biggest cracks in the monolithic structure of world Communism.

What it boiled down to was Communist nationalism. Tito epitomized the Communist leaders of the East European countries who wanted to build their own dictatorships modeled after Stalin's rule in Russia—but did not want to have themselves and their countries exploited for the Soviet's advantage.

With Tito backing up the Kremlin's strategy now, Moscow need no longer fear Tito's attacks on its right to dictate to Communist parties throughout the world.

• **Setback for West**—Tito's return to the Communist fold is as much a major setback for the West as it is a victory for Moscow. It means a shift in the balance of power in Southeast Europe and new problems in the Eastern Mediterranean, already a crisis area for the West.

Tito, the most powerful single figure



FIREd for Tito's sake is Bulgaria's Premier Vulko Chervenkov, an old Tito enemy.

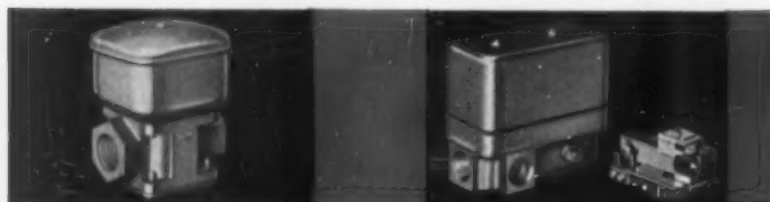


ON WAY OUT is Albania's Premier Enver Hoxha. Albania will be Tito's satellite.

A GROWING NAME IN CONTROLS



Since 1946, when McQuay-Norris pioneered in the development of the soft-seat, spring-loaded valve, our growth in the field of electrically operated control devices has been consistent and gratifying. McQuay-Norris controls are now regularly specified by many of America's leading manufacturers. If our expanded design and production facilities can serve you—whatever your field—we cordially invite your inquiry.



SPRING-LOADED SOFT-SEAT
SOLENOID VALVES

ELECTRICAL IGNITION
SYSTEMS



SOLENOID GAS STOVE VALVES
PRESSURE SWITCHES

20 MM ELECTRIC TRIGGERS
AND SOLENOIDS



McQUAY-NORRIS MANUFACTURING COMPANY
St. Louis 10, Missouri

46 YEARS IN THE MANUFACTURE OF PRECISION PRODUCTS

among the Communist leaders of Eastern Europe, has pushed his influence well beyond the borders of his own small, impoverished nation. Today, Egypt's Premier Gamal Abdel Nasser is apeing Tito's technique of shifting ground between East and West, and there's evidence that Tito may be helping ship arms to Egypt.

• **Only Winner**—Tito's new stature makes him the only clear-cut victor in the cold war. His deft international politicking has won him what he wanted from both sides—economic aid from the West and an end to Russian plans to take over in Yugoslavia.

But now his ground-shifting game is almost played out. Stalin's death has given him the opportunity to move back firmly into the Soviet fold, work with Russia's new rulers to preserve his own dictatorship, and throttle any real moves toward a more liberal regime for Yugoslavia.

• **\$100-Million Question**—This new turn of events poses a problem for Western policymakers: Should Washington and London continue to aid Tito, still banking on early hopes that he might be a disruptive force in the Communist world? Or is further aid to Tito's government only throwing good money after bad?

Washington will soon have to make the decision. A \$100-million appropriation for Tito's government is contained in the foreign aid bill now before Congress. Current betting on Capitol Hill is that it will be knocked out.

The irony of the present turn of events is that Yugoslavia, throughout all this intricate international politicking, remains essentially what it has been since the end of World War II: a poor, underdeveloped country, with a desperately low standard-of-living, an embittered population, and an inefficient Communist elite.

The secret of Tito's success does not lie with his strength among the Yugoslav people. If he had to face a fair election tomorrow, he might be thrown out as quickly as his Communist cousins in the nearby Russian satellites.

• **Strategy**—It was his strategy, his gambling sense, that did the trick. Tito gambled when Stalin threw him out of the Cominform in 1948. He banked on getting aid from the West, but he knew that too close an association with the West could mean the end of his Communist dictatorship. What he hoped for was an eventual stalemate between East and West that would give him enough time to wait out Moscow's enmity, yet would not be enough to force him to throw in his lot completely with the West.

• **Pay-Off**—How well this bet paid off is told in some simple figures. Since Tito was expelled from the Cominform, the U.S. has extended him about

4 MORE

Industrial Leaders Choose SANTA CLARA COUNTY, California



New firms move in and existing industries expand. That's the healthy growth pattern you see in Santa Clara County.

A community which attracts so many leaders must have advantages which apply to your organization, too. Ask for the facts you need to make a decision.

ACCEPT THIS SERVICE

Write for an individually prepared copy of "Your PROFIT PLAN for the Western Market."



San Jose Chamber of Commerce
Dept. 1, San Jose 13, Calif.



Container Corporation of America located at the MARKET CENTER of the West!



A wise decision on the proper location in which to invest several million dollars requires expert judgment based on complete information. Container Corporation of America had both of these tools for site selection, and the result was Santa Clara County.

President Dixon made this comment: "... Our firm serves a great variety of industries which require packaging services. This meant it was essential to locate our new plant at one of the important market centers of the West. Such a requirement, plus other favorable factors, led us directly to Santa Clara County."

Mr. Wesley M. Dixon
President



General Electric needed facilities for its ATOMIC PROGRAM!



Santa Clara County's participation in the future of the Atomic Age is assured by General Electric's decision to establish headquarters here for its Atomic Power Equipment Department. According to Francis K. McCune, vice president and general manager of GE's Atomic Products Division:

"... Our choice of the San Jose area is based on our desire to consolidate work on the peaceful applications of atomic energy in a region which best answers our personnel and physical requirements. Progress is my company's byword. We feel that our decision to make San Jose the Administrative Headquarters for our commercial atomic operations is a positive step in our progress."

Mr. Francis K. McCune
Vice President &
General Manager
Atomic Products Division



International Business Machines Corporation wanted LIVABILITY!



According to Thomas J. Watson, Jr., IBM president, the reason for selecting this area for the company's present expansion program is much the same as it was 13 years ago when the first plant was established.

"This reason," Mr. Watson says, "is 'livability'. In addition to finding in San Jose a plant location having an adequate labor supply and excellent highway, rail and air transportation facilities, we believe that our new 190-acre site is in an area where adequate social, cultural, educational and recreational factors are present for our employees. We feel that this is a splendid community — a home community — the kind of a place where our people will enjoy living."

Mr. Thomas J. Watson, Jr.
President



Lockheed chose a central location with ROOM TO EXPAND!



Missile Systems Division
LOCKHEED AIRCRAFT CORPORATION

We asked Dr. Louis N. Ridenour, research director of Lockheed's Missile Systems Division, why his company chose this area for its new plant sites. The eminent scientist said,

"... Our plans called for a site with plenty of room to expand. Another requirement was location in an important electronic-research development center. Frankly, no other area supplied these needs as well as the 296-acres we now have in Santa Clara County."

Dr. Louis N. Ridenour
Research Director
Missile Systems Division



There are equally logical reasons for your plant to locate in this remarkable industrial area. List your requirements and then match them with our facilities.



Bigger Loads with Less Spillage provide More Productive capacity

The roll-back bucket action of the new model HA "PAYLOADER" is a big reason why this little tractor-shovel handles more material, faster and at less cost than heavier machines with larger engines. Another BIG reason is the exclusive built-in hydraulic shock absorber that cushions the load during travel — reduces spillage and permits higher travel speeds.

"PAYLOADER" superiority on bulk-material handling work is the result of 34 years of pioneering and leadership in tractor-shovel manufacture. "PAYLOADER" is also the only complete, proven line of tractor-shovels — from 14 cu. ft. to 2 1/4 cu. yd. capacity — a size for every purpose. There is a nearby Distributor ready to give you full information.



PAYLOADER®

MANUFACTURED BY
THE FRANK G. HOUGH CO. LIBERTYVILLE, ILL.

SUBSIDIARY—INTERNATIONAL HARVESTER COMPANY



Send full
PAYLOADER®
data on

- ☐ Four-wheel-drive
sizes 1 to 2 1/4 cu. yd.
- ☐ Rear-wheel-drive
1/2 to 1 cu. yd.
- ☐ Front-wheel-drive
14 cu. ft. to 1 cu. yd.

Name _____

Title _____

Company _____

Street _____

City _____

State _____

BW

\$1.5-billion in economic and military aid. He has accumulated over \$400-million in commercial debts with the West. This aid enabled Belgrade to thumb its nose at Stalin's economic blockade. By joining the Balkan Pact with Greece and Turkey, the U.S.' two firm allies in the area, Tito assured himself that Moscow wouldn't dare risk an outright attack on him.

Still, in 1953 it seemed that Tito might be losing the game. The West was putting on the screws for more democratic concessions to the Yugoslav people. There was pressure for Belgrade to join NATO.

Stalin's death saved Tito's skin at this moment. It came just as Tito was preparing to leave for London to yield to the West's demands. But he saw the fundamental changes Stalin's death would produce in the Soviet empire.

• **Prodigal's Return**—This summer, when Tito goes to Moscow, it will be far different from the departure of one Josip Broz, an obscure Comintern agent who left for the Balkans in 1939. Now he returns to enter the inner councils of the Communist world on an equal footing with Red China's Mao Tse-Tung, the only other non-Russian to stand so high. For Tito, who has never lost the Communist faith despite his difficulties with the Kremlin, there could be no higher honor.

His hosts at the Kremlin will draw a deep sigh of relief when he reaffirms his vows to "Communist international solidarity." There is no question but that "Titoist" thought had strong underground support in the lower ranks of the East European Communist parties. The nationalist upheavals of 1953 in Czechoslovakia and Eastern Germany showed Moscow that such tendencies could find mass support.

It was humiliating for the Kremlin's new bosses, Khrushchev and Bulganin to make their mission to Belgrade last year to beg Tito to come back to orthodox Communism. But they put up with the humiliation because they already had good evidence that Tito was one of their own—knew his regime could tolerate no move toward Western democracy, and that any breakdown in Communist Europe would mean the end of his dictatorship, too. The evidence for this was Tito's treatment of one of his regime's braintrusts, Milovan Djilas. When Yugoslavia was expelled from the Cominform, Djilas recognized that Stalin's imperialistic designs on Yugoslavia were only part of the general Communist pattern. He called for Western-type democracy in Yugoslavia. Tito promptly tossed him out of the Yugoslav Communist Party.

All during Tito's absence from the Soviet fold, the Kremlin took measures to prevent Titoism's spreading in Eastern Europe. The military commands

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of the satellites were brought more firmly under Soviet control through the organization of the Warsaw Pact. And the Soviets further integrated the economies of the satellites into the Soviet Five-Year Plan—partly by putting them to work for Communist China, and having Russia act as middleman.

Only when its grip was bound tight on Eastern Europe did the Kremlin begin offering Tito a place in the orthodox Communist hierarchy again. This was the price Russia paid to have him back:

- Yugoslavia received \$100-million in gold, financial credits, and some generous trade agreements.

- All the East European satellites were ordered to follow suit. Bulgaria and Hungary, for example, had to pay Yugoslavia World War II reparations.

- All Soviet troops were withdrawn from Yugoslavia's borders. (In Austria, the peace treaty with the West removed the military pressure.)

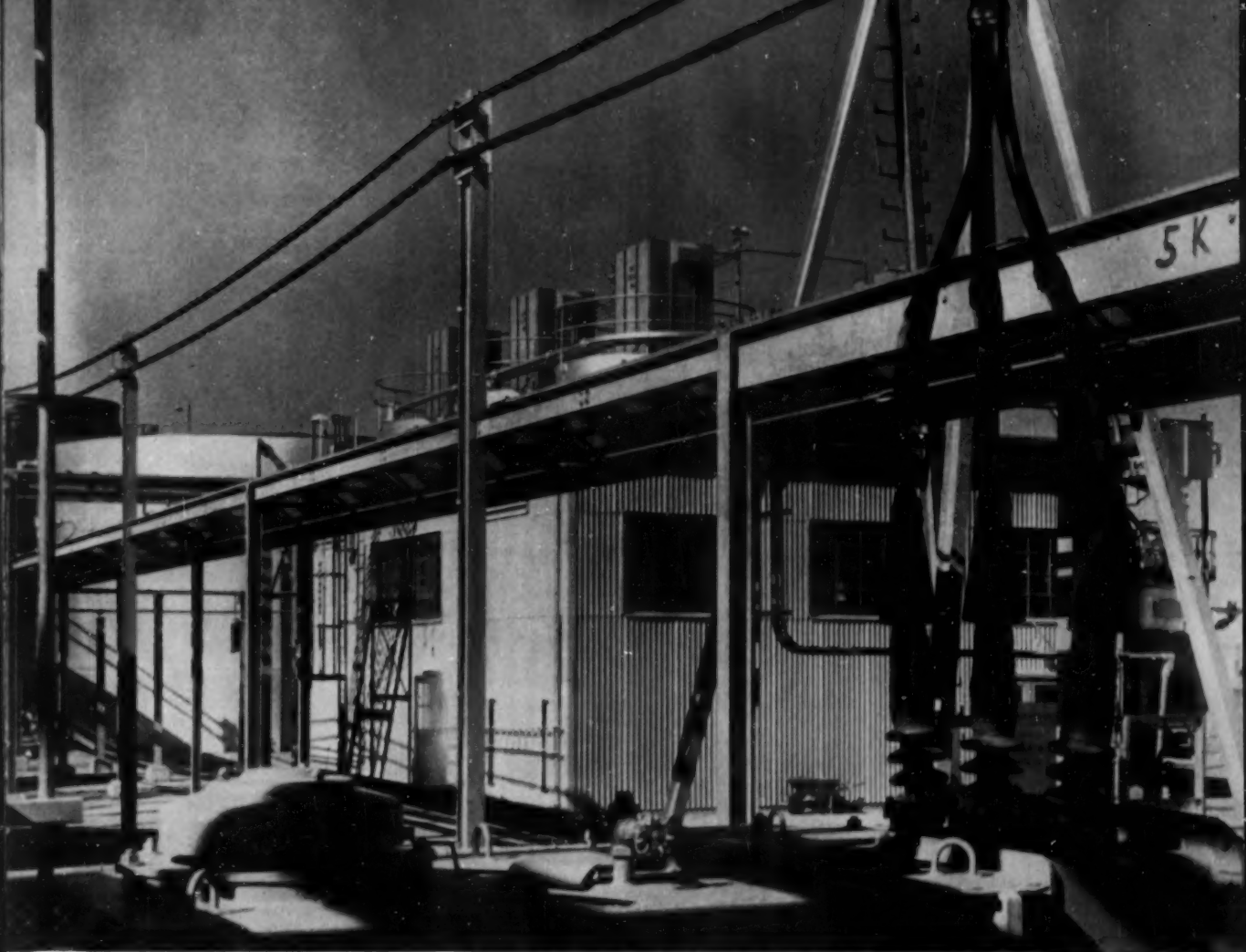
- Tito's old enemies in Communist East Europe were either fired (as in the case of Bulgaria's Premier Vulko Chervenkov), forced to make public recantations of their anti-Titoism (as Hungary's Premier Matyas Rakosi did), or edged gradually toward dismissal (as is happening to Albania's Premier Enver Hoxha).

- Anti-Titoism was branded as much a heresy in the Soviet-dominated world as Titoism was between 1948 and 1955.

Tito has, of course, replied in kind. All agitation against Soviet "state-capitalism" has been stopped in the Yugoslav press; the Soviet Union is once again a truly Socialist country. Even though Tito's address to the 20th Congress of the Russian Communist Party was given by proxy, the Russians treated it with great respect. Today, Tito's basic foreign policy jibes with the Soviets'—in the U.N., on disarmament, in opposition to the NATO and Baghdad Pacts, and on German reunification.

- Arms to Egypt—Other parts of the bargain are coming to light now. There's strong evidence that Communist Czechoslovakia's arms shipments to Egypt, which have inflamed the whole Middle East, are moving through Yugoslav ports.

The factor that seals the whole deal is this: Yugoslavia is to be brought into Russia's Warsaw Pact. To induce Tito to join in this grouping of Communist nations, Russia is prepared to offer him control over a Balkan federation. This federation would return to him Communist Albania, his satellite until 1948, and would push Bulgaria into linking itself with Yugoslavia. When those shifts are made Tito will be Russia's viceroy in the whole of Communist Southeast Europe. **END**



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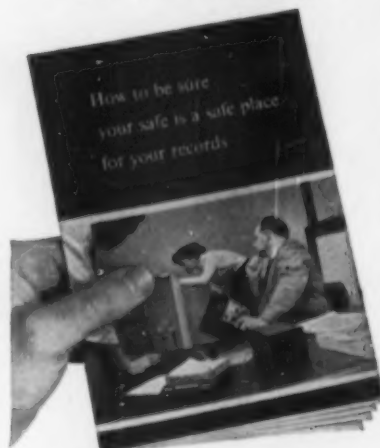
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Pool for Atomic Knowhow

Twelve-nation committee drafts a statute for an agency that would act as an international clearinghouse for research into peacetime uses of nuclear energy.

The International Atomic Energy Agency proposed by Pres. Eisenhower in December, 1953, has moved a long way toward reality: A 12-nation drafting committee, meeting in Washington for nearly two months, last week reached unanimous agreement on a draft statute for the agency.

The Russians, who had been expected to throw in monkey wrenches, accepted the main lines of the Western proposals without quibbling beyond a nominal bid for inclusion of Red China.

If Russia continues to cooperate, the agency could become a new door to peace through which East and West could exchange nuclear materials, technical information, scientific knowledge, and atomic technicians.

• **Reactor Sales**—And this new turn in international atomic cooperation has real meaning for U.S. equipment manufacturers. They welcome the new trend toward easing atomic information exchanges. But they are somewhat fearful this may mean more red tape, further tying up sales made to foreign customers.

They may get aid from another quarter, however. Last week Dr. Willard F. Libby, acting chairman of the Atomic Energy Commission, asked the House Foreign Affairs Committee to approve almost \$6-million for a program to finance research reactors in foreign countries. The funds would be distributed as part of the U.S. Technical Assistance Program.

As of April the U.S. has signed bilateral agreements with 29 foreign nations and discussions are under way with 15 more for such treaties. About 25 of these are expected to be in the market for research reactors. The U.S. will put up about half the cost of each \$700,000 reactor. Libby anticipates that about eight of these—or up to \$2.8-million—will come out of the President's Special Fund for Asian Economic Development. And another 17 will fall under the appropriation now being asked.

• **Functions**—The proposed agency would have the following functions and powers:

• It would act as a broker and eventually as a bank to supply fissionable materials to have-not nations.

• It would recruit an international technical staff to evaluate and lend assistance to peaceful atomic projects around the world.

• It would act as an international

clearinghouse for atomic information and technicians.

• It would recruit an international corps of inspectors to police its projects against diversions of materials to military uses.

• **For O.K.**—The draft statute now will be submitted for final approval to a conference of the 84 member nations of the United Nations and its specialized agencies to be held next September in New York. All of these countries are eligible for membership, but the agency would begin to function when 18 of them had ratified the statute. U.S. officials hope that this goal may be reached by the summer of 1957.

Hitches still could develop, of course. The Russians could shift into reverse either by insisting upon Red Chinese membership or raising new obstacles. The Indians still are fearful that the inspection and control powers of the agency might interfere with their own atomic development, and have reserved the right to raise objections on this point at the September conference.

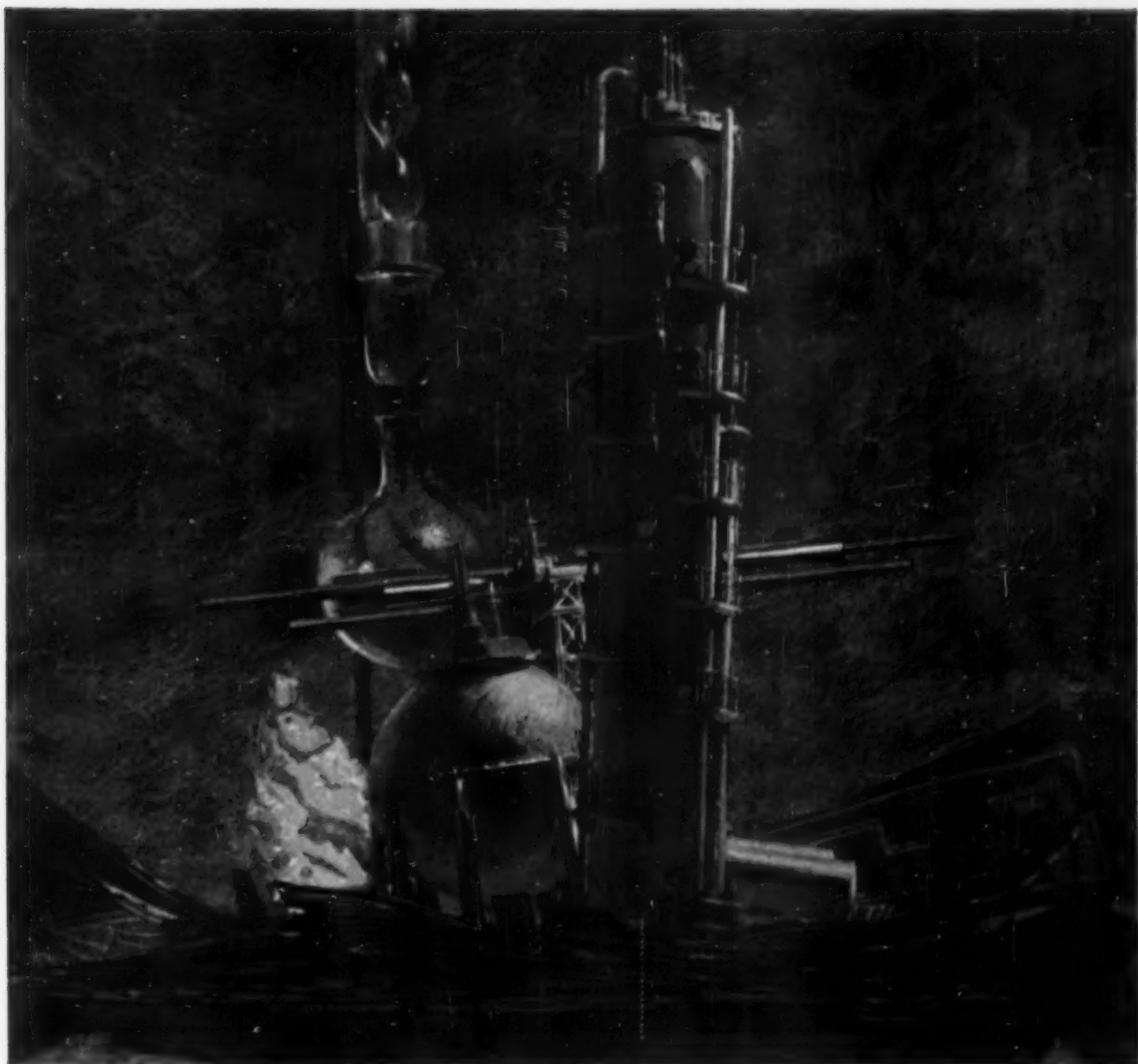
• **Unsettled**—Beyond that, the ticklish question of how much fissionable material each of the major producers will contribute still has to be worked out. The U.S. is prepared to make available to the agency a substantial portion of the 20,000 kilograms of materials that Eisenhower has offered to other nations, if other producing nations—and Russia in particular—also will ante up a fair share.

The technical question of the terms on which materials would be made available also has to be ironed out. At this stage, the U.S. would prefer to lease materials that then would be returned here for reprocessing. Some of the recipient nations, however, may hold out for outright purchase.

• **Setup**—Officials of the 12-nation drafting committee, however, agree this week that these loose ends can be tied up, and that IAEA will be set up within the next 18 months substantially as envisioned in the draft statute.

If it comes into being, IAEA would have wide powers. In the initial phases, it would serve as a broker for procuring fissionable materials for have-not nations from the major producers. It is expected, however, that at an early date the agency would be building its own storage facilities and its own stocks of fissionable materials from contributions of the major producers.

The international corps of inspectors



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"... U. S. policy could dovetail into the new organization..."

STORY starts on p. 72

would have the right to check on everything from simple audits of in-put and out-take of materials to extensive on-the-spot investigations.

Recipient countries would have limited rights to bar inspectors of a given nationality from their territories. This means Poland could refuse to admit an inspector from the U.S., or Brazil could bar one from the U.S.S.R., but they would have to accept a replacement from another country. And the right to bar inspectors would be limited much as in the case of peremptory challenges in jury selection. Since both the U.S. and Russia would be donor nations, it is extremely unlikely that they ever would be called upon to submit to inspection.

Any diversion of materials to military uses would be reported to the Security Council for action as a threat to world peace. Beyond that, of course, the agency could cut off supplies of fissionable materials to the offending nations.

• **New Policies**—The broad authority to be given to the IAEA represents a big change in U.S. policy—as well as in Russian policy. For a long time, many high Administration officials—in particular Adm. Lewis Strauss, chairman of the Atomic Energy Commission—were leery of giving an international agency (in which the Russians would be members) the primary role in international atomic development.

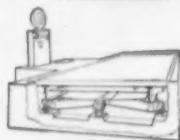
Eisenhower, however, kept pushing his officials to take the calculated risks involved. He is convinced that if East and West can be brought together in guiding the world economic revolution promised by the development of peaceful atomic energy, the basis for peace would be strengthened. The President also insisted that U.S. atomic supremacy is a mighty diplomatic asset. But, he says, it is a wasting asset as other nations catch up with us; hence it has to be put to use for the good of all nations in a hurry.

• **Risks vs. Gains**—Strauss himself apparently was convinced by the success of last year's International Atomic Conference at Geneva that the potential gains—both technical and political—from atomic cooperation with the Russians outweigh the risks. It also looks as though present U.S. policy could dovetail into the new organization.

Existing U.S. bilateral agreements could be handed over to the agency for servicing and policing. That is, the agency would supply the materials, information, and technicians involved,



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**" . . . a governor general
would be the executive head
of the organization . . . "**

STORY starts on p. 72

and its inspectors would guard against violations.

But if a recipient country preferred for some reason to work directly with the U.S., say, rather than through the agency, it would be free to do so—if the U.S. wanted it that way.

• **Governors' Jobs**—The membership setup on the agency's Board of Governors—which would have the executive authority—is complicated. There would be 23 member nations. Five of the members—the U.S., Russia, Britain, Canada, France—would be appointed because they are the most advanced in atomic production and knowhow.

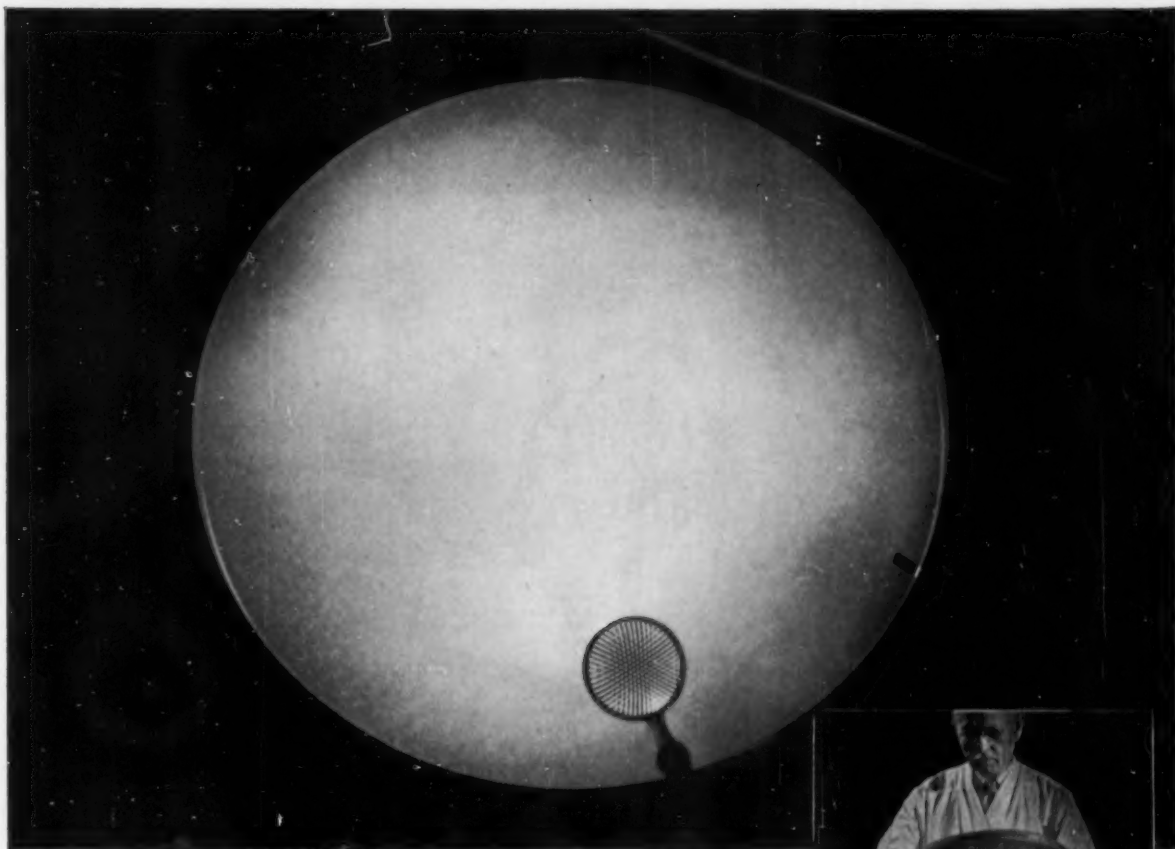
Another five would represent major geographical regions. There is tacit agreement among the 12 drafting powers that on the first board these countries would be Brazil for Latin America, India for South Asia, Japan for the Far East, Australia for Southeast Asia and the Pacific, and the Union of South Africa for Africa and the Middle East.

Two members would represent raw materials producers. In this group it has been tacitly agreed that Belgium and Czechoslovakia will alternate every other year with Portugal and Poland to keep an East-West balance.

Another seat would go to a country that was technically advanced but was not a producer of raw materials or fissionable materials. Sweden probably will be the first to hold this seat with Switzerland, Norway, Holland, and Italy as future candidates. Ten other members would be elected annually by a general conference of all the member countries, to which the board would make annual reports.

The board would appoint a governor general who would be the executive head of the organization, would recruit and run the staff, and carry out projects.

• **Protection**—Decisions of the board would be taken by simple majority vote except for budgetary decisions, which would require a two-thirds majority. The political and economic distribution of the board is such that the interests of the Western powers and the interests of the producing powers in practice probably would be protected. But beyond that, the Big Five atomic powers—the U.S., the U.S.S.R., Britain, France, and Canada—have what amounts to a veto in that they are not obligated to contribute fissionable materials and could refuse to do so if the agency sought to override their basic national interests. **END**



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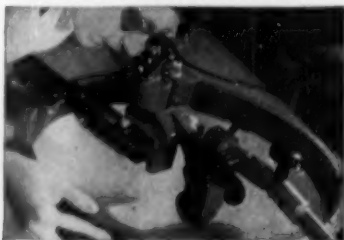
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More for India

U.S. may have to ante
up \$75-million a year on a
long-term basis to help country
with its new Five-Year Plan.

U.S. Ambassador John Sherman Cooper was en route back to Washington from New Delhi this week to urge further aid to India in Congressional hearings on Pres. Eisenhower's foreign aid legislation. Cooper reportedly will plump for a long-term commitment of \$75-million a year to India to help the nation through its second Five-Year Plan, which begins this spring (BW—Apr. 7 '56, p. 119). The ambassador returns to the U.S. less than two months after his trip home in February. One reason: to prepare the ground for the visit of Prime Minister Jawaharlal Nehru to Washington—now scheduled for early July.

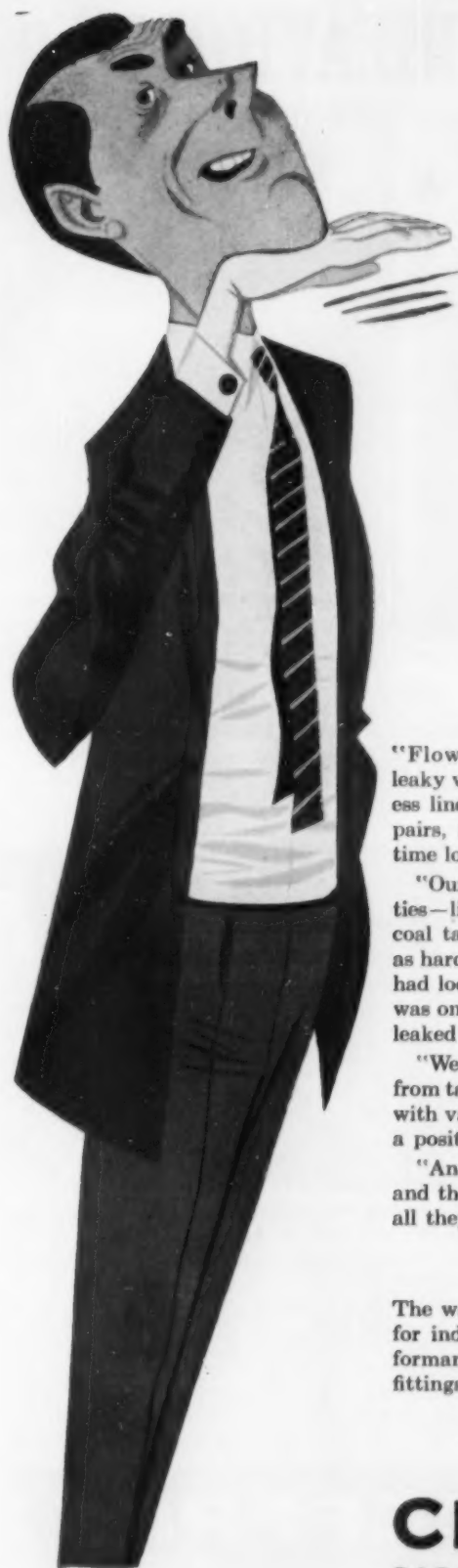
Cooper's return coincides with a new, more realistic note being struck by Indian government officials in connection with the plan. Indian Finance Minister C. D. Deshmukh now acknowledges that the huge deficit financing that the plan contemplates may cause inflation. He admitted this week that aid in American surplus food commodities would be needed on "a liberal basis"—apparently purchases of surplus commodities with local currencies.

• **Inflationary Threat**—Deshmukh said that these imports would be necessary to meet the inflationary threat. He also admitted, that the proportions of the inflationary threat are not clear. "The more advice I get [from experts], the more confused I am getting," he said.

Deshmukh confirmed that total foreign assistance during the plan period may amount to only \$840-million as against a target of \$1.69-billion. With additional defense expenditures now in the works, Deshmukh hinted that the whole concept of the plan might have to be thought of in six rather than five years.

• **Government Measures**—Until now, Indian government officials have made light of criticisms that the size of the plan might lead to inflation. But recent price increases may have changed their minds.

Food prices at the end of February were up 24% over June, 1955; industrial raw materials are 19.7% higher. The government has moved in on this situation by ordering (1) a ban on the export of pulse—a legume that is a diet staple; (2) increased export taxes on vegetable oils; and (3) an investigation of the whole commodities market. These moves are intended to head off any food crisis. **END**



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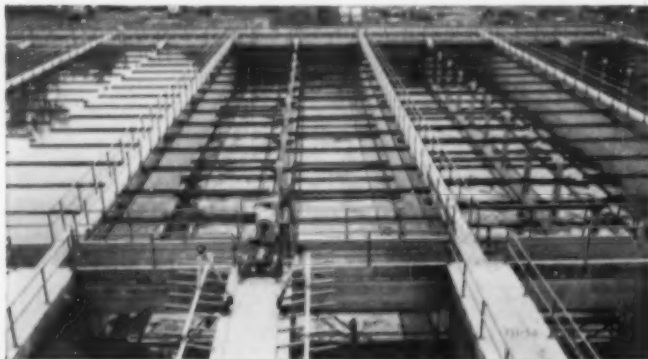
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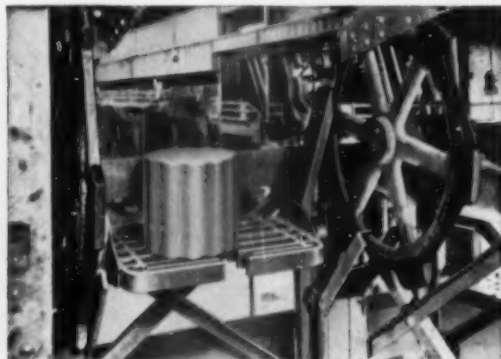
This chain conveyor made tunneling for a storm sewer a lot easier for everyone concerned. No rails to lay. No cars to load and empty, or haul back and forth. The Jeffrey chain conveyor drags the clay away as fast as the men shovel it into the pan. And that's at floor level, so there's less heavy lifting. Thus mechanization relieves labor of another tiring task.



Hungry digesters in pulp mills produce finer paper when wood is torn or shredded into small fibers—not ground or pulverized. Here a Jeffrey vibrating feeder transfers chips from the Jeffrey wood hog, at an orderly and uniform rate, for screening. Over-size chips are returned to a Jeffrey shredder to be reduced to digester size.



How we holler when a sudden storm causes streets to flood momentarily. But how complacently we accept the everyday efficiency of our water and sewage plants, engineered that way by scientific study and planning which anticipate the growth of our cities and towns. Jeffrey sanitation engineers mechanize these plants with equipment like these Jeffrey sludge collectors.



75% saving in handling: Steel ingots at this plant used to be loaded on flat cars at the open hearths and hauled a roundabout mile to the rolling mill. Handling costs were high, delays were frequent, and valuable space had to be allowed for storage. Today these ingots travel on a Jeffrey tray conveyor—up 20 feet, across a 168-foot span, then down again. Transfer time, 1 1/4 minutes. Savings estimated at 75%.

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In Business Abroad

• • •

House of Rothschild Adds a Wing, Opens a Branch Bank in Canada

The House of Rothschild, European bankers since the 18th Century, opened a "branch bank" in Toronto last week. Its purpose: to invest "in any country in the world."

The new company, called Five Arrows Securities Co. Ltd. (from the five arrows on the Rothschild coat-of-arms representing the family's five original banking houses) has the backing of de Rothschild Freres, Paris, and N. M. Rothschild & Sons, London, together with two top-drawer Dutch and Belgian banks. It has a reasonably small paid-in capital of \$8-million to get operations started.

The exact purpose behind the company is baffling Wall Streeters. Several observers speculate that Five Arrows is a vehicle for investing in U. S. securities under the umbrella of Canada's favorable tax laws. Other observers say that by setting up shop on this side of the Atlantic, the Rothschilds can jump on new investment opportunities more quickly.

One financier involved in Five Arrows says "There are no set policies, no definite plans, and our company has the latitude—and even maybe the inclination—not to invest in stocks on the exchanges."

Rothschild money is not new to the New World. In the past five years, the family has invested indirectly—and unobtrusively—in Canadian development. For instance, the Rothschilds have a stake in British Newfoundland Corp., Ltd., a syndicate of 21 British banking and industrial firms that is exploring Newfoundland's timber and mineral resources (BW—Oct. 17 '53, p. 136).

Rothschild's move to the Western Hemisphere is part of a trend—Wall Streeters note—for many European (particularly British) banks to shift their portfolios, bit by bit, to U. S. and Canadian investments. Meanwhile, they're establishing branch offices here.

• • •

Argentina Seeks Membership In World Bank—and U. S. Loan

Argentina's Minister of Finance Alizon Garcia announced this week that his country will apply for membership in the World Bank and the International Monetary Fund. Alizon hopes membership in the Bank will be a kind of character reference for an Argentine delegation that is coming to the U. S. The delegation, headed by Carlos Coll Benegas, a vice-president of the Banco de la Nacion, arrives in Washington in a few days to start looking for the \$1.2-billion the Argentines say they need in foreign loans to get back on their feet.

Neither the Bank nor the Fund are likely to look too approvingly on what the Argentines can report. The country's inflation is still marching upward—loans by

commercial banks increased by more than 70-billion pesos in the six months the present junta government has been ruling, currency and deposits rose by almost 80-billion. These trends match anything that happened during the last half-year of Peron's rule.

• • •

Chrysler Corp. of Canada Goes After Export Market

Chrysler Corp. of Canada is setting its sights on the export market for the first time since 1939. Already it has copped \$1.5-million worth of orders in the Commonwealth: in New Zealand, Hong Kong, Jamaica, British Guiana, Singapore.

Spurring Chrysler's move is the success of its competitors (principally Ford and GM) in the export field. Last year their overseas sales—mostly to South Africa, New Zealand, and Australia—were \$13.2-million or \$5.5-million better than in 1954. And their export of \$20.2-million of components (half of them to Australia) was up \$4.9-million from 1954.

• • •

Business Abroad Briefs

Now Communist Poland wants Canadian barley. With around 13-million bu. of wheat on order (BW—Mar. 24 '56, p. 74), Poland is reported ready to barter 80-million lb. of cement for 1-million bu. of feed barley.

Foster Wheeler Corp. and Vereinigte Kesselwerke AG are joining hands for exchange of information on the production of atomic reactor equipment. FW's British affiliate concluded a similar agreement last month with several British companies.

Petroleum byproducts: Esso Petroleum Co. is building a \$25-million plant at its Fawley refinery to process oil gases for use in British plastics. . . . The first butyl rubber plant overseas will be built in France by Societe du Caoutchouc Butyl—a corporation formed by 10 French companies—under license from Esso Research & Engineering, inventor of the synthetic material.

"Thrifty" service for transatlantic air travel, with fares about 25% below current "tourist" service, reportedly will have the backing of U. S.-flag airlines at the May meeting of the International Air Transport Association.

Japan has vetoed a U. S. offer for three-way trade under which the U. S., using yen from sales of surplus farm products, would buy Japanese hardwoods, then give these to Southeast Asian countries. Japan's objections: half the surpluses would be transported in U. S. ships, U. S. demand for early yen payments, and possible injury to Japan's regular trade with the Asian countries.

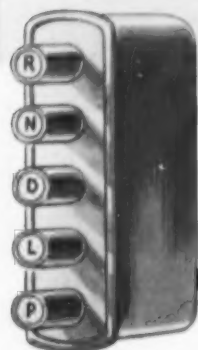
More good news from Chile: While boosting its participation in nitrate industry profits, the government has placated producers by removing "discriminatory" foreign exchange rates. Another new law, for joint U. S.-Chilean exploration of uranium, will permit AEC geologists to poke around in Chile's uranium-rich northern provinces.



Tru-Lay *PUSH-PULL* C

assists push-button gear sh

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This revolutionary device has a push-button gear selector on the instrument panel which responds to the touch of a finger, and moves the transmission cable for desired driving positions.

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Industrial America has discovered an efficient new tool in Tru-Lay PUSH-PULL remote controls. Basically, they are flexible steel cables in flexible steel tubes. Because of their flexibility, they afford a simple, economical replacement for mechanical linkages—and have proved ideal for countless applications in hundreds of industries. They have given more efficient design, simplified assembly and better appearance—together with important savings—to many products in the fields of trans-

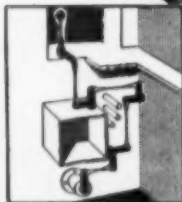
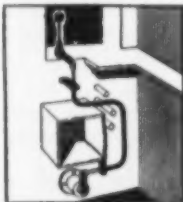
portation, construction, industry and agriculture.

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Tru-Lay PUSH-PULL remote controls are precision products in their manufacture and operation. *Accuracy* is inherent in their design. *Dependability* is certain, even in such severe operating conditions as jet-hot or sub-zero temperatures, wet or abrasive environment. *Long life* is a matter of record—these simple, positive-action controls just don't wear out in normal service! In every respect, Tru-Lay PUSH-PULLS are typical of the better values which characterize all ACCO products.

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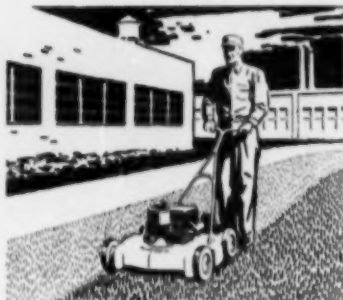


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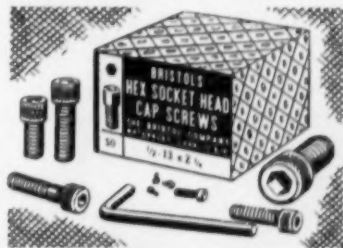
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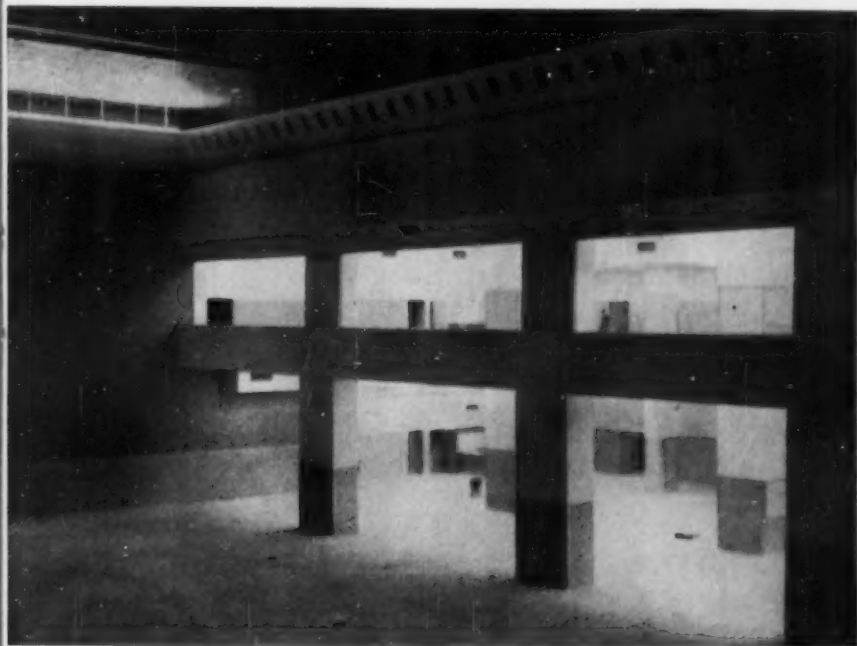
New York's

That's one of the things the new Coliseum is, and the city is hoping it will mean a boom in trade shows. But it also has spurred a drive for redeveloping New York's rundown West Side.

Once New Yorkers get an idea into their heads, it's pretty hard to get it out. About 10 years ago, Madison Square Garden's boss, Gen. John Reed Kilpatrick, decided the city needed another indoor sports stadium. The public welcomed plans for a big coliseum. Then, the sports arena fell through, but the city didn't let the coliseum die. It opens this weekend—not as a sports palace but as the latest thing in exhibition halls. New York hopes it will give the city a long lead in the profitable business of exhibiting and convening.

The big structure is designed to house as many as four shows at once; it is also three buildings in one—an air-conditioned trade show palace, a two-level garage, and a 20-story office building. And it represents the first stage in the planned redevelopment of over 50 acres of New York's deteriorating West Side (pictures, page 97).

New York City owns the Coliseum,



Coliseum is big enough to accommodate four shows at one time. This is the main level.

Bid for Expositions

but the Triborough Bridge & Tunnel Authority, an independent public benefit corporation, has the right of occupancy, management, and income collection.

I. Show Palace

The trade show part of the Coliseum contains more than 300,000 sq. ft. of exposition space divided into four levels and arranged so that one show can occupy the complete structure, or as many as four shows can be running on the four different floors simultaneously. The lobby and ticket booths also can be divided so customers for one exhibit cannot stray into another without paying.

• **Year-Round Comfort**—Another unusual feature of the hall is the fact all public space is air-conditioned. Previously the exposition business in New York was confined to about eight months, the other four being too hot for plodding around trade shows.

Now, with most of the city's hotels, theaters, and night clubs air-conditioned and the Coliseum also cooled, promoters hope to turn trade shows into a year-around business. So far six major shows have been booked into the big hall this summer.

A big expense for expositions is the cost of setting them up and tearing them down. Besides paying for the la-

bor, exhibitors have to hire the hall for a certain number of days before and after the show.

The Coliseum has been designed with this in mind. Not only will setting up and tearing down be easier, it should be far quicker than in comparable older buildings. Trucks including tractor-trailer combinations will be able to drive anywhere on the first two floors of exhibition space. A giant elevator capable of lifting a tractor-trailer combination will carry exhibits up to the third and fourth floor. Four other elevators also serve the four floors, each capable of lifting "larger than normal truck loads." With these aids, officials of the Coliseum Exhibition Corp. estimate the cost of setting up a show will be cut by as much as 50%.

• **Rents**—Of the four levels, the second is considered the main floor. It pulls down the biggest rent. Based on a two-week stay, the second floor can be rented for \$23,000, the first for \$18,000, the third \$14,000, and the fourth \$10,000. The second floor with a ceiling height of 20 ft. for the bulk of the hall, is also the base for a well 150 ft. square that rises 60 ft. to the building's roof. Here exhibitors won't bump their heads when they set up model homes or raise yacht masts.

The giant building opens Saturday with three shows—the National Photographic Show on the first floor, the In-



PARTITIONS can be erected in lobby for separate entrances when more than one show is held.



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ternational Automobile Show on the second, and the Fifth International Philatelic Exhibition on the third and fourth floors. After these, at least 23 more shows will parade through the unornamented halls of the Coliseum during the remainder of the year.

II. How It All Began

All this, however, is a far cry from the original idea conceived sometime after the war by Kilpatrick, who was running New York's Madison Square Garden. It was his contention that the city needed two indoor sports stadiums. Whenever the Garden was taken over for weeks at a time by a circus, rodeo, or ice show, boxing, basketball, and hockey fans had almost no place to go. A huge, privately built coliseum that could be used for sports events or conventions, he reasoned, would solve the problem.

Unfortunately, he figured without television.

• **Idea That Wouldn't Die**—But once the idea for the big hall had been formulated and publicized, it never died. In fact, until the recent publicity about the Coliseum's opening, numbers of New Yorkers were totally unaware that the place has no permanent seats and no arena.

From the beginning it was decided that if a sports and convention building were to be bigger than the 14,200 seat Madison Square Garden, it would need more than one city block. That meant someone was needed who could gain the city's permission to either bridge or cut off a street. The person brought in was Robert Moses, City Construction Coordinator, chairman of the Committee on Slum Clearance, chairman of the Triborough Bridge & Tunnel Authority, and member of the City Planning Commission.

• **Second Thoughts**—While economic studies of the project were being made, it became apparent that the sports arena originally planned would be unprofitable. But meanwhile a development occurred that put a new burst of energy behind the Coliseum. After the war, when office space was scarce in New York, the city's old trade show building, the Grand Central Palace, was leased to the Internal Revenue Service. That left the nation's biggest city with no place for trade shows except armories. And the largest and otherwise most suitable of these was three quarters of an hour away in the Bronx.

III. The Switch Over

After he became certain the Coliseum would not be a sports arena, Kilpatrick dropped out of the picture and Moses took over leadership. It was

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he who originated the idea of obtaining federal and city subsidy through the Title I slum clearance part of the National Housing Act.

• **Title I**—Under Title I, a municipality acquires by condemnation substandard property that it resells at a markdown price to private developers. The city pays one third the price difference, the federal government shells out the other two thirds. The law also requires that the land condemned must be used "predominantly" for residential purpose.

By finding a plot big enough so the Coliseum would take up less than half, and by tying the exhibition hall in with a private housing development, Moses was able to qualify the project for Title I. Then, with the decks temporarily cleared, (demolition of some of the old buildings on the housing site was later delayed by a court challenge of Moses' use of Title I) two blocks facing Columbus Circle and the southwest corner of Central Park were condemned. A syndicate of builders picked up the westerly half, and Moses' Triborough Bridge & Tunnel Authority acquired the easterly portion nearest the park.

The city paid \$3,163,000 as its part of the markdown on land and buildings and the federal government kicked in \$6,326,000. The city acquired the properties at a cost of \$11.7-million and sold them for \$2.2-million.

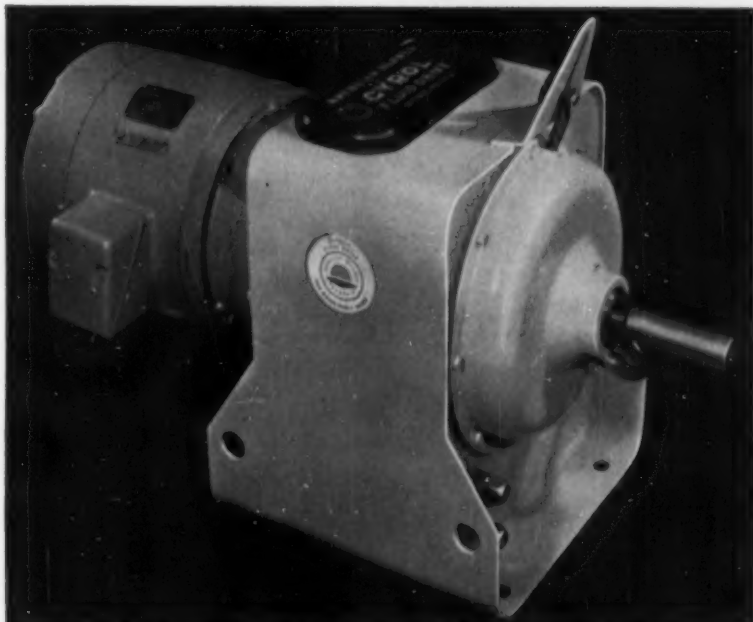
The Triborough Authority wound up building the Coliseum because, according to spokesmen for the authority, no private group wanted to do the job, fearing it would be too great a financial risk.

The same officials emphasize that the Coliseum, which will be operated without subsidy, competes with comparable buildings in other cities that receive either direct municipal support or aid from retailers, hotels, or chambers of commerce.

• **Financing the Project**—In order to pay for the present structure, costing over \$35-million, the Triborough Authority underwent a refinancing in 1952. For a five-year period ending next year, the authority arranged to halt payments into a general fund for debt service on its bonds. During this time all tolls from bridges and tunnels plus other income has been used to pay construction costs. Next year when the building is on a money making basis—if it is—the increased income will go back into the Authority's general fund for bond amortization.

At about the time the architects were translating early renderings into working drawings, further Triborough studies revealed trouble was in the offing. If the building were to become self-supporting in the foreseeable future more income was needed than

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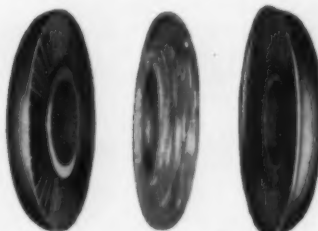
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the hall would be able to supply. It is a goal of the authority to separate the Coliseum from the other activities as soon as possible so motorists won't be supporting it every time they use a Triborough bridge or tunnel.

• **Income Producer**—The solution to this problem was the office building. This structure, known as the Coliseum Tower, has 20 stories, but it's really 26 floors high. As finally worked out by the architects, it sits on stilts, that go through a part of the exhibition hall and down into the garage.

The garage, incidentally, was required by the enabling act that made the Coliseum possible.

• **Construction**—While the final plans were still coming off the drawing boards, the joint contractors went to work in April, 1954. Actual builders of the structure have been Walsh Construction Co., George A. Fuller Co., and Slattery Contracting Co. The speedy job, taking just over two years, was marred by an accident when temporary bracing collapsed under unset concrete. This delayed construction by about two months.

IV. Running the Show

The financial arrangements of the exposition hall are fairly simple: A new company, the Coliseum Exhibition Corp., has leased the hall from the Triborough Authority for 10 years with an option for another 10. Under the terms of the lease the exhibition corporation will pay Triborough a minimum of \$300,000 plus a graduated percentage of gross income.

Triborough retains possession of the office building, though it has turned actual renting and running of the building over to an agent.

Coliseum Tower was only 40% rented when it opened several weeks ago. But Triborough is confident current negotiations will result in the building soon being fully tenanted.

• **Housing Delay**—The only part of the plot on which no construction has taken place so far is the part set aside for housing—the part that made the whole thing possible. At first, court action slowed the development. Then, when the site was cleared last fall, a tight mortgage market brought financing negotiations to a virtual halt. This winter both Moses—speaking in his slum clearance capacity—and the Federal Housing & Home Finance Agency, which put up two thirds of the price differential, told the syndicate of builders to get construction under way in 90 days or step aside for a new developer.

Announcement that mortgage financing had been arranged was made two weeks ago and construction is scheduled to begin next week.

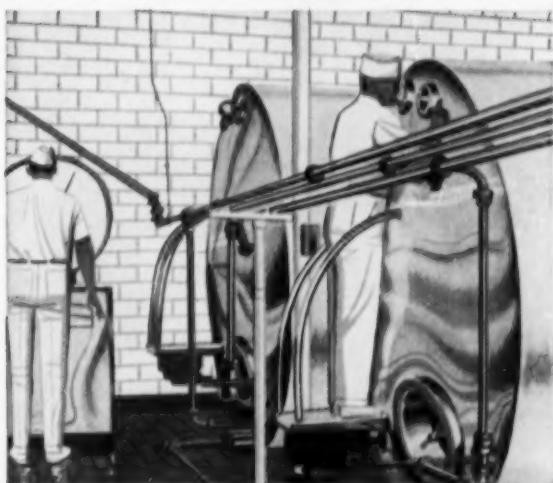
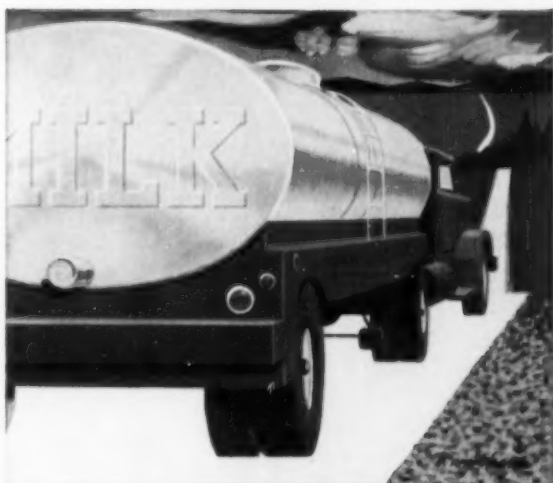
The Columbus Circle project appears



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Dairies and milk-product plants (everything from powdered milk to ice cream) are practically 100% stainless steel-equipped these days. That's the result of 30-odd years of increasing use.

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less cleans more easily, quickly, and at less cost than any other comparable material. *And a third big reason:* because stainless stands up under the daily load and lasts so much longer that it costs far less in the long run.

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The most profitable worker on highways or at construction sites, in oil fields or on city streets, each Mack is made to the world's most exacting production line standards. Each is engineered to do its own job superlatively well, and to keep on doing it at the lowest cost per mile.

It pays to remember . . . nothing can handle the important jobs, the *Mack-sized* jobs, like a Mack.



Mack

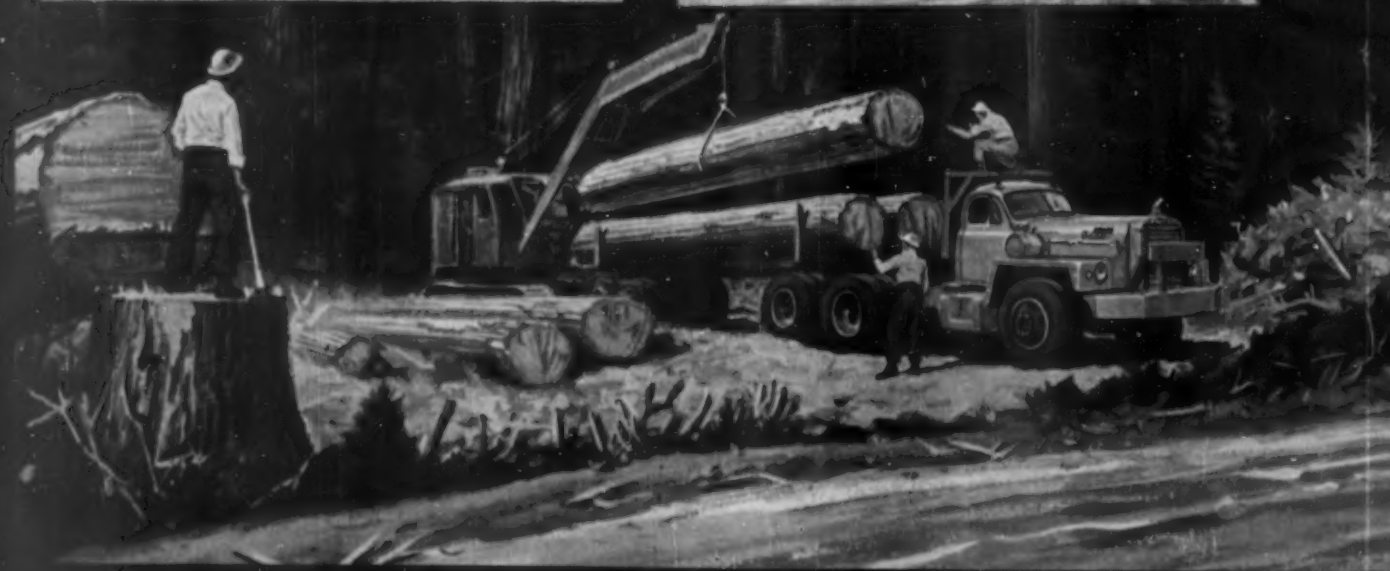
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and
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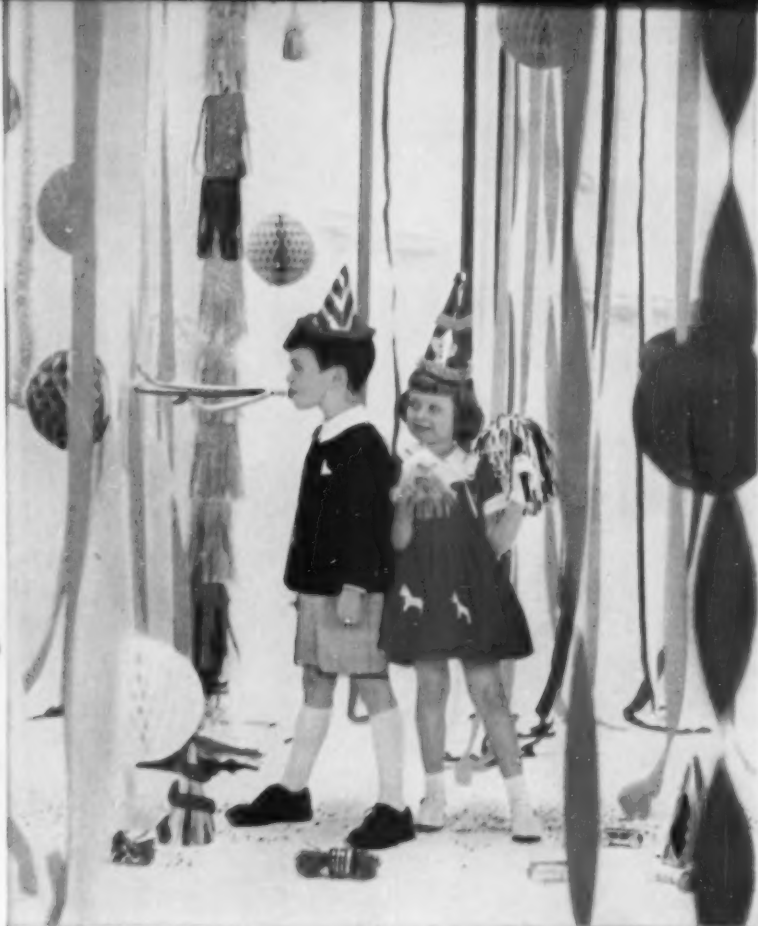
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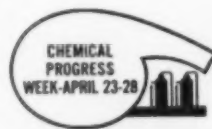


Maybe you can't see the connection between paper and handsome chrome plating—but it's there. Like so many things, both products begin with chemistry—and alkalies are indispensable to both.

Allied Chemical's Solvay Process Division is a leading producer of alkalies—like caustic soda and soda ash used in papermaking. Another Allied Division, Mutual Chemical, uses soda ash in the making of chromium chemicals, such as chromic acid for plating.

Because Allied's seven divisions are foremost producers of chemicals, there are scores of cases where two or more divisions team up to contribute to a finished product or to serve a particular industry.

Allied Chemical altogether turns out more than 3,000 products. Seen or unseen, they're helping everyone who makes, grows or uses things—that is, *you*.



"A Better America Through Chemical Progress"



LINCOLN SQUARE, a project still under study, would bring new housing, a cultural center to New York's West Side.

"... A far more dramatic project, Lincoln Square, is now in the works ..."

COLISEUM starts on p. 86

to be safely on the rails now. The two blocks containing the hall, tower, and housing were recently called the "most dramatic Title I development in the country" by Joseph P. McMurray, New York State Housing Commissioner.

V. Continuing Redevelopment

Now in the works, though, is a far more dramatic one, also under the guidance of Moses and proceeding along the general plan formulated for the Coliseum. Called Lincoln Square, the project takes its name from the area immediately to the northwest of Columbus Circle where Broadway crosses Columbus Avenue.

Lincoln Square is still in its early study and negotiation stages. But, the most recent announcements have described it as containing some 50 acres, most of which are to be condemned and resold under Title I. It is estimated to cost more than \$160-million of which at least \$125-million will be private investment.

• **Preliminary Planning**—Preliminary plans were drawn up last April by Moses' Slum Clearance Committee. Following approval by the city's Board

of Estimate, the HHFA authorized a \$300,000 loan in May with which planners were to make more detailed studies and sketches. Talks also began with prospective sponsors of housing, business, and cultural projects.

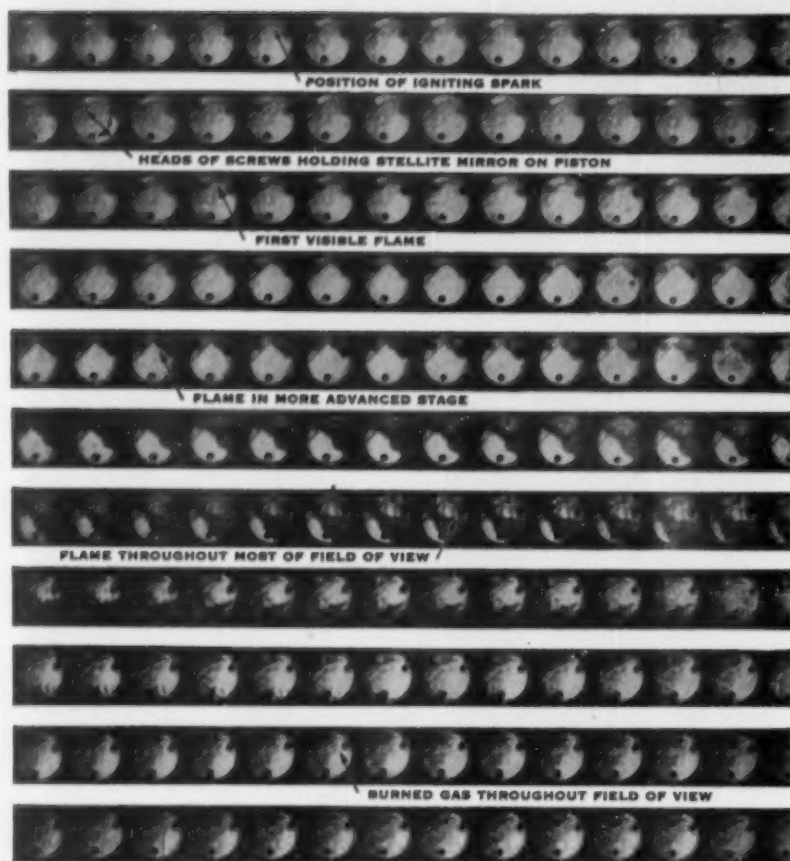
This week, these plans were nearing completion. While no contracts have as yet been signed, tentative commitments have been made with the various sponsors who have agreed to take portions of the plot.

The next step will probably be to send the plans to the Board of Estimate again. This group will then send them on to various city departments including the Planning Commission where Moses is a member. It is expected that public hearings will be held at this stage during which time, tenant groups and property owners will attack the plan, fearing it will cause relocation difficulties or financial loss.

• **Approval Needed**—Should the Board of Estimate approve the plan, and, in effect, agree to pay its share of the differential between condemnation cost and resale price, the project will then go to HHFA for more study. If that body approves the plan and the two thirds it will have to pay, back comes

SLUMS now cover a large part of 50-acre area.





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● There never has been an engineer smart enough to figure out on paper exactly *what* happens *when*—to air, fuel and gases—in the inferno of an engine's cylinder. If we could only *see* what happens, reasoned Cooper-Bessemer engineers, this would surely lead to improved engine design and higher-than-ever efficiencies.

And that's exactly what took place. With the collaboration of Battelle Memorial Institute, they looked through the eyes of an ultra high

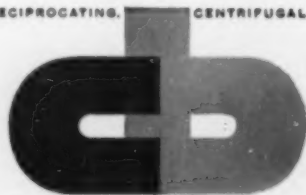
speed Isotran camera, into the heart of big Cooper-Bessemer engines and took motion pictures at the incredible rate of 20,000 to 50,000 frames per second! Never before had such a feat been accomplished on a large bore engine.

This kind of research is one of the reasons for Cooper-Bessemer's leadership in big engine and compressor design. If you are in the market, be sure to find out about the *new* things being done by one of America's *oldest* engine builders.

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OLD THEATER used as TV studio would be torn down to make way for a new opera house, a museum, a library, a music hall.

the plan to the city and condemnation proceedings can begin.

A long period can then be expected to occur while thousands of tenants are relocated to other parts of the city.

If all these hurdles can be leaped, Lincoln Square promises to contain a big, new private housing development of approximately 4,100 dwelling units, which will be complemented by a shopping center.

• **Cultural Center**—A group headed by John D. Rockefeller III and including officials from the New York Philharmonic Symphony Society, the Metropolitan Opera, the New York City Center Ballet, the Brooklyn Academy of Arts and Sciences, and Wallace K. Harrison, architect for the U.N., is currently making extensive studies for a new cultural center. This might contain a new opera house, a new concert hall, a museum, library, and possibly an education center for students of music, ballet, and painting.

Roger Stevens, real estate operator and theatrical producer is also studying the possibility of putting up several new theaters in the area.

• **College Campus**—And Fordham University has already completed drawings and raised \$2.8-million toward a new campus at the southern end of the development.

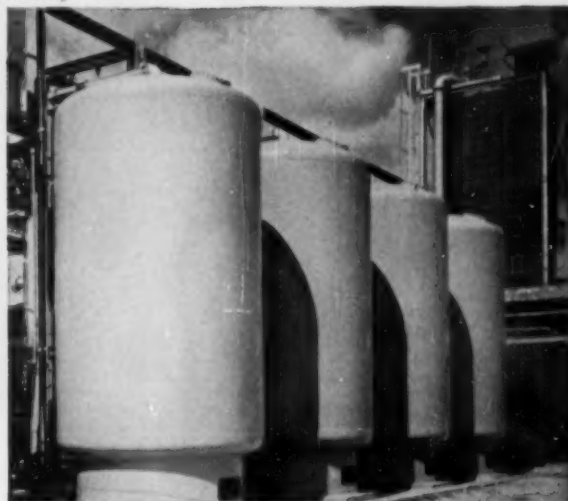
The college has a main campus in the Bronx but four graduate schools are still scattered throughout Manhattan. The development would enable these to be brought together.

The Lincoln Square project is not directly tied in with the Coliseum, of course. Still, the Slum Clearance Committee thinks of the two as a continuing redevelopment of the area. And the use of Title I for such a development was first tested by the Coliseum. **END**

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• **Water analysis**, study of the problem and past experience provide data on possible methods of treatment. The process offering the best balance of initial and operating cost vs desired quality of treated water is selected.

• **Complete proposal** by Permutit engineers covers type, size and capacity of equipment, price, any special engineering services and performance guarantees.

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project, schedules assembly and shipping. Critical parts, ion exchange resins, control panels are all made in Permutit plants. (No other U. S. firm makes all these components.)

• **Test runs** — Where required, Permutit checks the installation, supervises start-up and initial operation, trains permanent operating personnel.

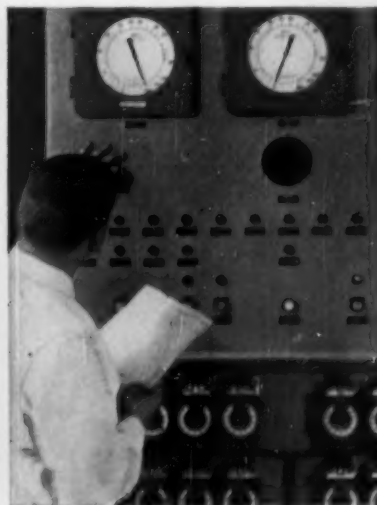
• **For further information** look up the Permutit office in your city or write to The Permutit Company, Dept. BW-4, 330 West 42nd St., New York 36, N. Y.



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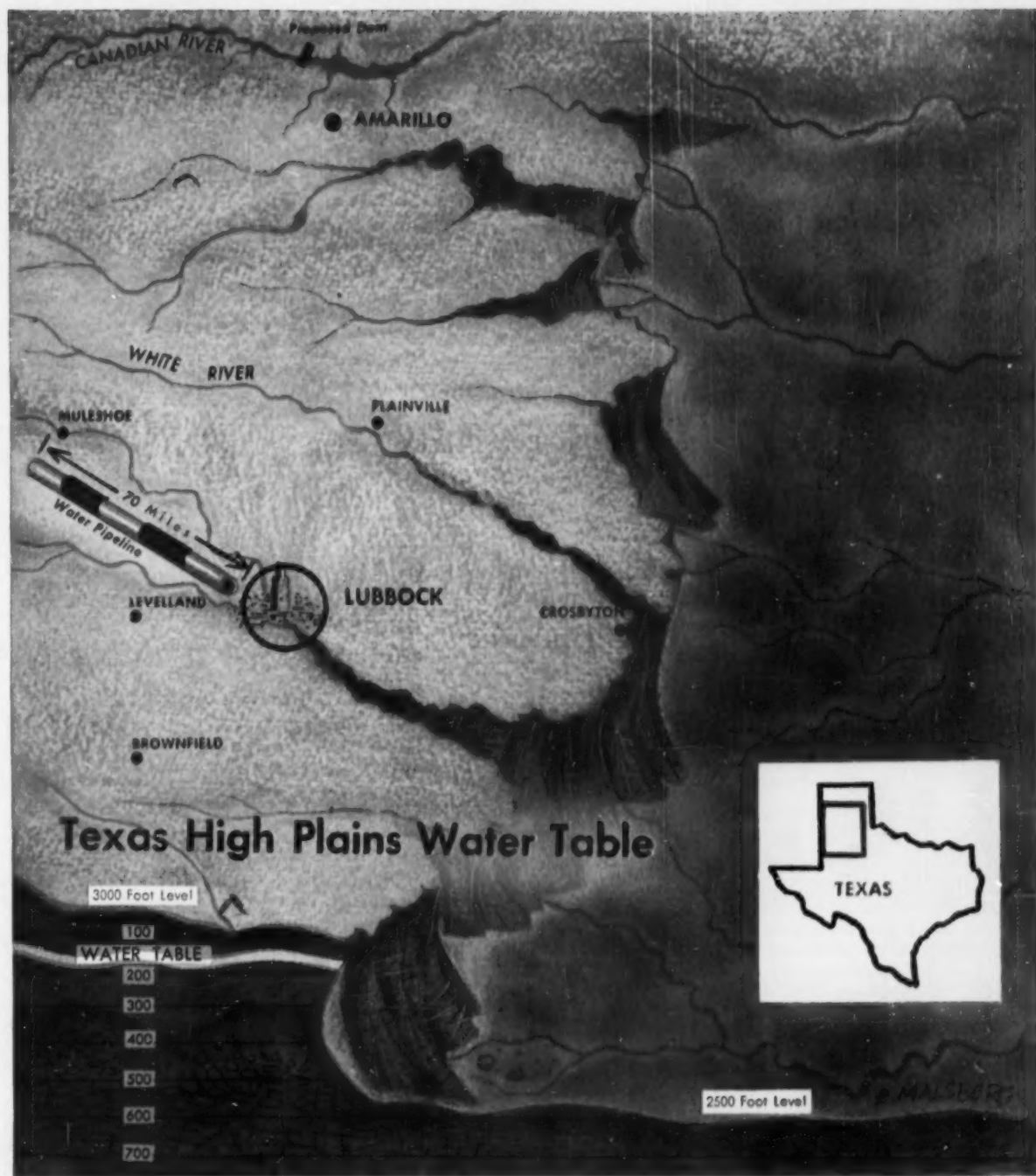
Putting chemicals to work in profitable and often unusual ways is an Atlas specialty . . . not only in the petroleum industry, but in many others. In products as diversified as bread, plastics, cosmetics and beer, Atlas chemicals add new values in purity, performance and keeping qualities. We'd welcome the chance to talk over ways that our emulsifiers, conditioning agents and activated carbons can go to work for you. Atlas Powder Company, Wilmington 99, Delaware.



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Water Rules a Cotton Kingdom

The high Texas tablelands shown in the map are mostly a flourishing cotton empire. The region has other riches, too—but it's notably short on water.

Generally, anywhere in Texas west of the 100th meridian they say that bourbon is a drink, oil is a profitable hobby, but water is what everybody really wants more of. Nowhere is that

more true than in the flatlands around Lubbock. Most years, rainfall is on the dry side of 20 in. Rivers are shallow, sometime things. Whenever there's an especially dry year, crops and cities alike take frightening draughts from the plentiful—but exhaustible—underground water that's tapped by wells.

Right now, farmers in the area are

about to make the first move in a \$285-million gamble with the weather. May is the month for planting cotton; dry land farmers will keep an anxious eye on the skies; farmers with irrigation wells will keep a nervous hand on the pump switch. Either way, water will decide who rakes in the stakes.

Water worries don't stop at the city



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**"... with both cities
and counties scrambling for
water there has been some
collective action ..."**

LUBBOCK starts on p. 101

line. Lubbock, with 71,747 inhabitants in the 1950 census, has crossed the 120,000 mark and hasn't stopped growing. But shrinking water supplies have sent city officials as far as 70 miles looking for underground wells.

• **Crop Insurance**—Even as the thirsty suburbs push into their cotton fields, the farmers themselves have been stepping up their use of water. Irrigation is one of the surest forms of crop insurance. But before World War II, cotton prices didn't justify the cost of drilling irrigation wells. In the early 1940s, as prices picked up, drilling boomed too. The few thousand wells operating in 1940 had multiplied to an estimated 32,000 early this year, with more than half the gain in the past five years.

Even with the more recent slippage in cotton prices, there have been about 9,000 drilling permits issued since early 1953. Crop restrictions have pressured the increase. Whenever the Agriculture Dept. orders a cutback in acreage, the farmer promptly tosses out his poorest acres, and sows the better land to cotton and grain sorghum. And he steps up the yield by drilling new wells or using the old ones more intensively.

• **Help for Cities**—With both cities and farms scrambling for water, there has been some collective action. Most of the cities in the area got together to vote a \$75-million bond issue for a water retention dam across the Canadian River of Texas. There is even talk of damming some of the finger-like canyons that cut into the edge of the 3,000-ft.-high tableland. All the water from the dams would go to the cities; the farmers ask nothing better than to make their neighbors independent of underground sources.

For their part, the cities realize that their farmer-customers are dependent on the underground water. Lubbock found this out when it started running pipelines toward city-owned underground water in 50,000 acres of Bailey County land.

• **Whose Water?**—The Bailey County farmers were outraged. Lubbock had picked up the land quietly, to keep the price from being bid up. The deal didn't become public knowledge until the pipelines were started.

At first, the farmers thought of seeking an injunction. But Lubbock had a clear title to the land, and with it full rights to the subsurface water. Land-owners had been given rights to underground water by a 1949 act of the Texas

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The Lackawanna, together with fourteen connecting railroads, provides a piggyback service to more than 500 stations including 25 major city areas throughout the country.

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Ask your Lackawanna representative to explain the advantages of shipping via Lackawanna Piggyback for trailer-loads or LCL.

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"... the farmers didn't want to muddy the legal waters around the law they loved ..."

LUBBOCK starts on p. 101

legislature—passed with the warm support of the West Texas farmers. The Bailey County farmers didn't want to muddy the legal waters around the law they loved, so they dropped the idea of court action. Instead, they memorialized the governor to help mobilize public opinion against the pipelines. Actually, the outcome is still uncertain with pumping not even scheduled until later this year. Still, the incident points to a situation that could become more troublesome as more users compete for limited water.

• **Industry Snubbed**—Some leaders in the southern part of the High Plains around Lubbock have even cold-shouldered industries that used a lot of water. The leaders argue that farmers should continue to get the lion's share of available water. In the Panhandle, around Amarillo, industry gets more encouragement. For one thing, the water table there is usually so far below the surface that farmers can't afford pumping.

Up to now, cities and industry together use less than 10% of the water in the High Plains area as a whole. And for years to come, farmers will remain the core of the water problem.

It was back in the 1920s that the High Plains changed from ranching to farming, mostly on a dry land basis. Only in the past 15 years have farmers built a new cotton kingdom, based on fertile soil, irrigation, and mechanization. In wet years, less than 20% of farm income depends on irrigation, but in dry years the figure jumps to at least 35%.

• **Tale of Two Kingdoms**—The new cotton kingdom in Texas parallels in many ways the old one in the South before the Civil War. Both kingdoms were built on fertile soils, not yet depleted by years of cropping. Both were profitable enough to sustain a lavish manner of living. Thus last year there were 50 farmers in Lubbock County who paid federal taxes on incomes of more than \$100,000.

There is one huge difference between the two cotton kingdoms. In the old South, it depended on the hand labor of slaves. The Texas realm is a product of the machine age, tended largely by tractors and mechanical strippers. Mexican contract labor, transported hundreds of miles by truck, bus, and plane, does most of what hand work is needed.

• **Depletion Allowance**—There's another difference. It was slavery that cast a shadow over even the brightest

Checked your weight lately?

MEN*

Fully clothed,
1 inch heels



HEIGHT	5'3"	5'4"	5'5"	5'6"	5'7"	5'8"	5'9"	5'10"	5'11"	6'	6'1"	6'2"	6'3"
Small Frame	119-128	122-132	126-136	129-139	133-143	136-147	140-151	144-155	148-159	152-164	157-169	163-175	168-180
Medium Frame	127-136	130-140	134-144	137-147	141-151	145-156	149-160	153-164	157-168	161-173	166-178	171-184	176-189
Large Frame	133-144	137-149	141-153	145-157	149-162	153-166	157-170	161-175	165-180	169-185	174-190	179-196	184-202

WOMEN*

Fully clothed,
2 inch heels



HEIGHT	4'11"	5'	5'1"	5'2"	5'3"	5'4"	5'5"	5'6"	5'7"	5'8"	5'9"	5'10"	5'11"
Small Frame	104-111	105-113	107-115	110-118	113-121	116-125	119-128	123-132	126-136	129-139	133-143	136-147	139-150
Medium Frame	110-118	112-120	114-122	117-125	120-128	124-132	127-135	130-140	134-144	137-147	141-151	145-155	148-158
Large Frame	117-127	119-129	121-131	124-135	127-138	131-142	133-145	138-150	142-154	145-158	149-162	152-166	155-169

If you are one of the many millions of Americans who've gained unneeded pounds, consider these facts:

1. At ages 20 and over, men and women who are considerably overweight have a mortality rate about 50 percent higher than their "trim" contemporaries.

2. High blood pressure occurs more than twice as often in overweight people as in thinner people.

3. Studies show that 85 percent of adult diabetics are overweight at the onset of their disease.

So, it's evident that excessive poundage burdens more than your two feet. In fact, overweight can impair the function of many vital organs and hence is associated with many life-shortening conditions.

On the other hand, if you reduce . . . and keep your weight down . . . you should increase your chances for long life and good health. You will certainly look and feel better . . . and have greater stamina, too.

Yet, some quick-reducing diets may be almost as bad for your health as the constant stress of overweight. All diets, therefore, should be avoided, unless prescribed by your doctor.

* Desirable weights for men and women of ages 25 and over based on numerous Medico-Actuarial studies of hundreds of thousands of men and women.

So, when you plan to reduce, start with a visit to your doctor. He will determine your desirable weight . . . and, most important, he will give you a sound, balanced, varied diet that everyone needs whether reducing or not.

If you are overweight and want to reduce surely and safely, these "do's and don't's" may help you:

Do say "no" to all high-calorie foods . . . rich desserts, gravies, sauces and social-hour tidbits.

Do exercise moderately to keep in trim and help burn up unneeded calories.

Don't use "reducing drugs" except on your doctor's recommendation.

Don't give a second thought to second helpings . . . no matter how tempting they may be.

Don't expect immediate good news from the scales. One or two pounds a week is a safe, sensible rate of weight loss.

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"... 'if the water runs out,
we can cut off the frills and
still meet anybody's grow-
ing costs' ..."

LUBBOCK starts on p. 101

days of the old kingdom; in Texas, it's sinking water tables that cloud the future. Farmers are beginning to realize that some day the water will be exhausted. This realization provided the basis for a brief being submitted to the Internal Revenue Service. The farmers want IRS to treat their underground water as a depletable resource for income tax purposes, just like oil or other wasting assets. If they get their way, it will be the first time that a product that is not directly sold has been declared depletable in the eyes of the tax gatherer.

- **Regulation**—Other steps are being taken. Under Texas law, any area designated by the State Board of Water Engineers can, by majority vote of its people, set up a body to regulate well drilling and the use of water. So the High Plains Underground Water Conservation District No. 1 has been set up. The district is self-supporting, since it has the power to tax; it has no legal ties to the federal or state government. No new wells can be drilled without its permission, and it can determine the spacing of wells. The first case testing the legality of this power is now on its way through the courts.

The district seeks to promote the proper use of underground water. Its officials hope they can prolong the useful life of the underground waters, perhaps indefinitely, and especially if a cheap method of extracting the salt from sea water can be found in time to recharge the underground reservoirs.

- **How Long?**—Despite all efforts, the water table could sink so low that it no longer would pay to pump. The area's meager rainfall can give little or no recharge. None of the rivers carries enough water to help much. There's little chance of diverting enough water from other sections of the country. So, unless sea water extraction comes through, irrigation farming on the High Plains can hardly last indefinitely. Said one observer, "These people are Cadillac farmers with a Ford in their future."

The people themselves aren't too much disturbed. They point out that cropping began in the area in the 1920s, when irrigation wells were practically unheard of. One farmer summed it up: "We are in farming—wet or dry. We had a pretty good thing going here when all we had was dry lands. If the water runs out, we can cut off the frills and still meet anybody's growing costs." **END**



Fuel Gas Company of Bay City, Michigan, warehouses expensive appliances in this clear-span 26' x 80' pole

building. Both poles and splashboards are protected for longer life with clean PENTA preservative treatment.

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PENTA-treated wood is almost odorless, is clean and easy to handle. The railroads and utilities, among others, have used PENTA-protected poles for years.

Plans for pole buildings of all sizes and types are widely available. So is supply of *PENTACHLOROPHENOL-treated materials. Your engineers and contractor will want to see "PUT IT ON POLES", our new 16-m.m., sound, color film. For a print, and for sound ideas about where your business can profitably put pole buildings to work, please return coupon to THE DOW CHEMICAL COMPANY, Midland, Michigan.

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☐ Send me information on low-cost, PENTA-treated pole buildings for this use.

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☐ Send me the name of my nearest PENTA-treated pole supplier.

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Dixie Wages Drag Their Feet

In the South, the new federal \$1-an-hour minimum wage got off to a slow start. One reason: Many businessmen apparently are not complying with the law.

Dixie's economy, which has been reeling from one blow after another in recent years, got another wallop Mar. 1, when the federal minimum wage of \$1 an hour went into effect.

The new wage level, of course, affects businessmen and workers all over the country. But it had a particular impact on the Southern states, where an estimated 28% of the labor force was getting less than \$1 an hour. It was assumed that workers in covered industries would get bigger pay envelopes, and that wage structures would be raised all along the line to maintain differentials between jobs.

• **Time Lag**—BUSINESS WEEK reporters in the South last week found that these developments are slow in coming. One reason is that many businessmen apparently are not complying with the law. The Wage & Hour office in Atlanta, Ga., reports that complaints of violations from employees all over the state have doubled in number since the first of March. Investigation so far reveals that in about 75% of the cases the complaints are justified.

Even in those industries and individual businesses where the new wage has been put into effect, BUSINESS WEEK found that few employers have yet adjusted the pay of higher ranking employees to maintain differentials—and the regional office of the Bureau of Labor Statistics says it will be at least a year before these adjustments are completed.

A typical case is that of a South Carolina garment manufacturer. His piece work rates prior to Mar. 1 were set to average \$1 an hour—which was higher than such unskilled workers as janitors and sweepers.

Now the piece workers are set to average \$1.15, which the manufacturer doesn't think is enough of a differential to maintain proper incentive. "It will have to go up sooner or later," he says, "but I can't stand any further payroll costs now."

• **Delay**—It is from such increases to maintain differentials that the biggest shift in the Southern economy will eventually come. But most observers say it's just too early to tell what the over-all effect will be.

That means that communities that expected a flood of new money in circulation as a result of the wage change are going to have to wait a while. But in some special areas of business, the law has had immediate effects.

• **Hard Hit**—Some industries and many small marginal businesses are going to be hard hit. This is particularly true of Southern lumber mills, which depend to a large extent on unskilled manual labor. As late as last year, more than 80% of the region's pine mills workers were making less than \$1 an hour. For sawmill operators—faced with a declining market for their products and increasing competition from Western lumber—the new wage minimum is just one more blow. Textile mills, garment manufacturers, and some elements of the wholesale trade are in the same box.

Some are even giving up. A small manufacturer of flavoring extracts, hair oils, and cosmetics in Alabama says he will liquidate his business by the end of the year. "I just can't pay more money and meet competition," he says.

• **Measures**—Other employers are trying to stave off the squeeze in several ways. One way is to discharge employees making less than the new minimum if the boss doesn't think they are worth more.

In Charleston, a wood products man let a half-dozen long-time 75¢ employees go because he didn't think they could make \$1 an hour for the business.

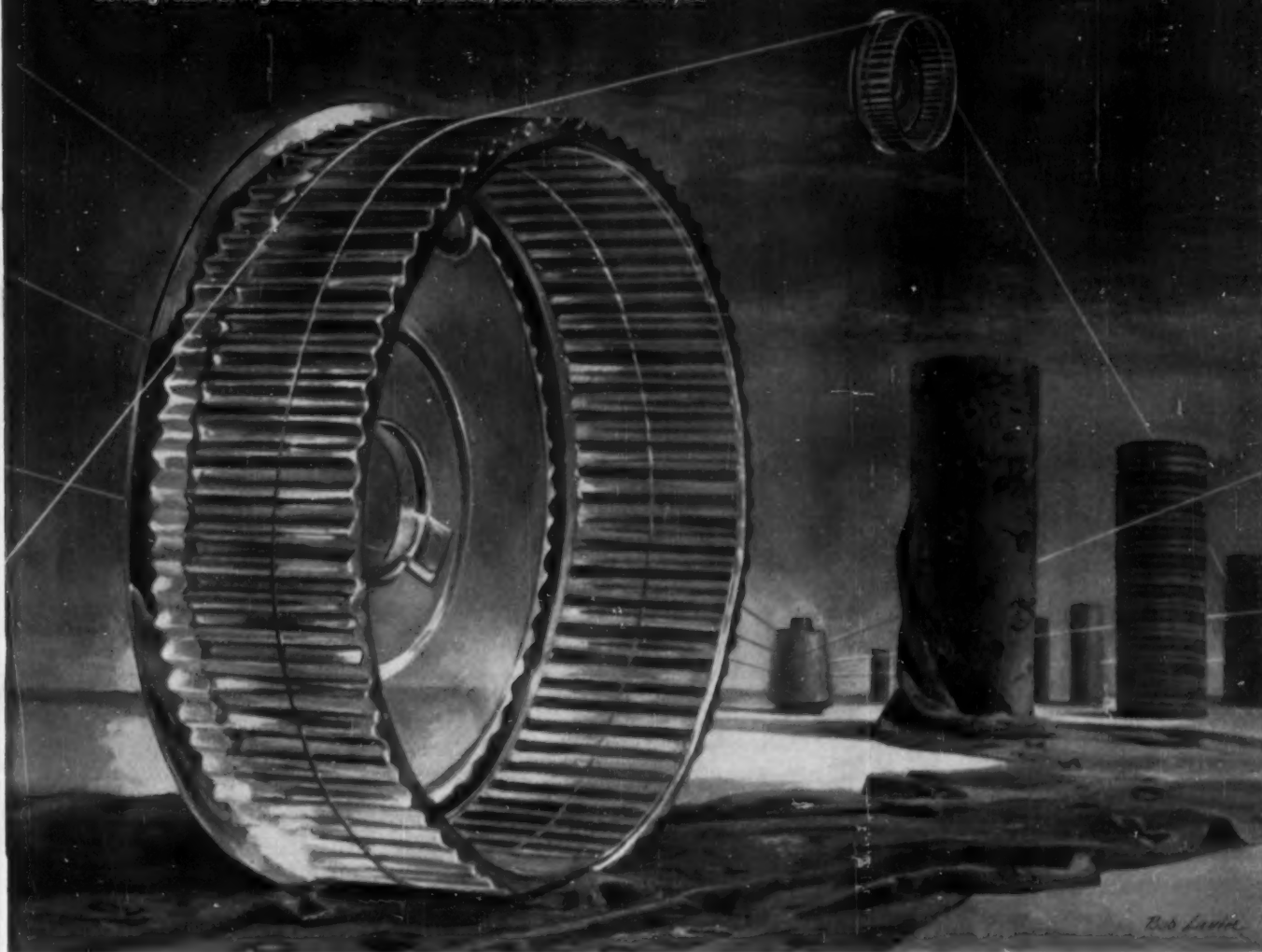
"We're tightening down on some marginal people," a North Carolina garment manufacturer says, "letting them go sooner than we might have otherwise."

Other companies have eliminated overtime or otherwise cut down their work week to hold payroll costs in line. "It's cheaper to put on more workers at \$1 an hour than to pay those we have \$1.50 overtime, considering the increased production," the head of a chemical company in Birmingham says.

Where employers have shortened their work week without increasing the number of employees, they of course have to grapple with the problem of maintaining production. Increased automation is not likely to provide the answer. Larger manufacturers in the South have generally kept pace with the trend toward more mechanization, and smaller businesses either lack the capital and/or the scale of operations suitable to automation.

• **Conforming**—Generally speaking, however, business in the South is trying to adjust to the new minimum in less drastic ways. Some employers are insisting on better and more consistent performance from employees, and are

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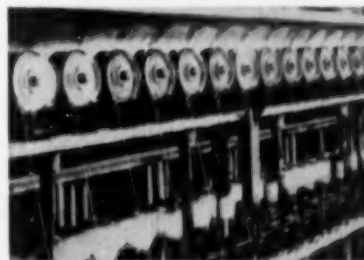
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tightening up on employment standards. Prospective employees are being more carefully screened, although—as could have been expected—the difference in caliber between a 90¢ employee and a \$1 employee is difficult to detect.

Many companies simply raised their lowest wage rate to \$1, and let it go at that—trusting to cut costs elsewhere or simply to absorb the boost. So far,

there have been no price rises that can be attributed directly to the dollar floor, nor will Southern businessmen admit that any are in prospect. According to one observer, the majority of businesses in healthy competitive situation in the South have long been paying even their lowliest employees at least \$1 an hour, usually more. The new minimum law hits those least able to stand the pain.

No Takers for Capital Transit

Washington's bus and street car company is slated to shut down next August. Congress finds no one eager to take over, and time is running out.

Washington, D. C., is back in the middle of a transit problem.

Last summer, as commuters bucked the heat and share-a-ride car pools for 52 days while grass grew in strikebound street car and bus routes, mention of Louis E. Wolfson and Capital Transit Co. brought side-of-the-mouth snarls.

Now, commuters and Congress are beginning to look to Wolfson and Capital Transit to keep them from walking next Aug. 14—a date legislated last summer by Congress to end Capital Transit's franchise.

• **No Takers**—After months of trying to get private investors to move in and set up a new company to handle Washington's public transit, the District of Columbia Public Utilities Commission had to go back to Congress empty-handed this spring and ask for help. Five or six private investment groups had dickered with the PUC on transit plans, but none shaped up as sound enough to get the official O.K.

Congress can't agree, either, on a solution to the transit problem. Many lawmakers are beginning to say they were misled last summer when they were told that it would be an easy matter to get private money to set up a new transit company. They're wondering if perhaps they acted hastily in the end-of-session summer heat.

• **Ways Out**—The House of Representatives' Interstate & Foreign Commerce Committee now wants to give the franchise back to Wolfson, and to offer tax cuts and other concessions to assure Capital Transit of a 64% rate of return of its investment—estimated at more than \$20-million.

However, the Senate District Committee is proposing to create a public transit authority and to keep shopping for private investors. Under the Senate plan, a Washington Metropolitan Transit Authority would be set up for a three-year period. A \$20-million federal loan would be used to start the operation, to be repaid if a private buyer is found. If private money isn't found to

take over the transportation system within the three-year period, bonds would be sold to the public to finance the deal.

• **Time Running Out**—Whichever way Congress decides, action must come before long. If the Senate plan is adopted, it will be running tight on time to get into operation by Aug. 14. And if the House plan to restore Wolfson's franchise gets an O.K., the company must be told soon. Capital Transit is getting set to shut down operations in August.

• **Summer Heat**—Washington's transportation problems reached a peak in last summer's strike from July 1 to Aug. 22. Capital Transit wanted to hike fares to meet wage demands, but the PUC would not approve a fare boost. Congress ended the strike only by canceling the company's franchise; fare increases were granted for the final year's operation.

Washington and its transit system have had a stormy time ever since Wolfson took over the company in 1949. At that time, Capital was reported to be fat and prosperous, with more than \$8-million in cash and government securities.

Since then, Wolfson has been criticized for taking big dividend payments and granting high salaries to officers. Critics say he parlayed an original investment of about \$2-million into roughly \$8-million over a little more than six years of operation. Before 1949, the highest annual dividend paid on Capital Transit stock was \$2; in 1950, it was boosted to \$3; in 1951, to \$4; in 1952, an extra dividend of \$10 a share was paid, plus a regular dividend of \$5.60—all based on the number of shares outstanding before a 4-to-1 split in 1951.

Meantime, Wolfson was running into a scarcer market of riders. Even though Capital Transit got fare increases from 13¢ to 20¢ during 1948 to 1955, revenues dropped. Then the long strike created the chaos that prompted Congressional intervention. **END**



There's a Rich New Harvest on the Prairie

The pleasant city of Tuscola, Illinois has always been a good place to live. For 91 years it grew slowly, serving mainly as a trade center for the farmers of its surrounding cornfields. By 1950, Tuscola's residents numbered under 3,000.

But Tuscola has always possessed certain basic elements needed for industrial growth: a strategic location with relation to industrial and agricultural markets, railroads, and highways.

In 1951, National Distillers Products Corporation and Panhandle Eastern Pipeline Company began a more than fifty million dollar joint venture at Tuscola: the installation of a huge petrochemical complex, National Petro-Chemicals, operated

and managed by National Distillers through its U. S. Industrial Chemicals Co. Division. Since that time, other related industries have been attracted to the Tuscola area and the "Petro" and U.S.I. plants have been expanded.

In five short years, the town's population has grown a third, its homes have multiplied by 50 per cent, its revenue from taxes almost doubled. Tuscola's stores and shops have increased in number, too, as have its service businesses. Today, a new million dollar high school is taking shape. Soon an eighty thousand dollar Community Center will serve Tuscola's residents.

While Tuscola retains its fundamental qualities for good living, typical American enterprise has added many new tangible and intangible living benefits — made it a busier, more prosperous community with even greater growth prospects.

Today, National Petro and U.S.I. produce and sell millions of pounds of industrial chemicals at Tuscola every year — industrial ethyl alcohol, ethyl ether, ethyl chloride, "Petrothene" polyethylene, liquefied petroleum gas, sulfuric acid, ammonia and other fertilizer chemicals—all serving the nation's industrial and agricultural needs.



National Distillers Products Corporation

NEW YORK 16, N. Y.

In Washington

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Bradley's Tapering Off Program Would Lop Off Veteran's Benefits

A Presidential commission has come up with recommendations that would make sweeping changes in special government benefits now enjoyed by millions of ex-GIs.

On housing, the commission—headed by Gen. Omar Bradley—recommended that Veterans Administration loans and guarantees that helped build 390,000 homes last year be extended for another two years. Up to now, Eisenhower has favored letting the VA program end by July, 1957. The commission suggests tapering off housing benefits thereafter.

On pensions, the group recommended that ex-GIs not be permitted to get full Social Security and full GI pensions at the same time. The veteran's non-service-connected pension program should fill gaps in the general social security program without duplicating it, as happens now in many cases.

There are now 22-million ex-GIs, the commission points out. With their families and those of the 3-million now in service, they already represent 49% of the population.

Chances are against any legislation this year—except perhaps on housing benefits. The Democrats are inclined to extend the GI housing benefits for veterans, despite Pres. Eisenhower's stand against this.

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Electric Industry Tries to Buck Utilities Holding Company Act

Electric power utilities are making a big pitch in Congress for relief from some of the stringent regulations imposed by the Holding Company Act of 1935.

This week, some leading utility spokesmen told a Senate Commerce Subcommittee that, due to tremendous cost problems, there is only one way to guarantee fast development of atomic plants for generation of electric power. The way: Amend the act so as to allow several utility companies jointly to finance and operate a subsidiary generating company.

Pending legislation—proposed by John O. Pastore (D-R.I.)—would guarantee utilities and industrial concerns in joint atomic power projects that the Securities & Exchange Commission would not classify them as holding companies.

Moreover, the Pastore bill would permit neighboring utilities to own and operate a conventional power generating company without having to register as a holding company.

Under existing law, SEC can make and has made exemptions for joint atomic development. However, SEC might go along with exemption for solely research activities.

Joining SEC Chmn. J. Sinclair Armstrong, public power advocates in and out of Congress have zeroed in with claims that the bill would emasculate the act. But both the Federal Power Commission and the Atomic Energy Commission favor the broader approach taken by Pastore.

The Congressional fate of the bill is uncertain. The Democratic leadership in the Senate is chary about giving legislative aid to the electric utility industry, especially in an election year when power issues are big in the Midwest and Far West. However, there is substantial backing for the Pastore bill from elements eager to get on with development of industrial atomics.

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Business Pleads Its Case For an Excise Tax Cut

A House Ways & Means Subcommittee this week approved an excise tax reduction bill that would involve a net loss to the Treasury of about only \$2-million a year—but the bill is being pressed strenuously by business.

Full committee action is expected within the next week, to be followed by fairly prompt consideration by the House. In mid-March, the subcommittee had announced 70 technical adjustments, and this week added these recommendations:

Liquor and tobacco: Adoption of a comprehensive but technical code revision worked out by the Internal Revenue Service and the industries. Also, liquor companies would be allowed to mix four-year-old whiskies with older whiskies to delay paying federal tax due when withdrawn from bond or at the end of eight years.

Admissions: The subcommittee suggested that the full committee consider reducing admissions tax to help an ailing theater industry. The subcommittee previously reported a similar suggestion on the 20% tax on cabarets and night clubs and race track admissions.

Polishers: Floor polishers and waxers should be exempted from the appliance tax.

Air taxis: Should be exempted from the 10% tax on transportation.

Clocks: Drop a previously recommended 10% manufacturers' tax.

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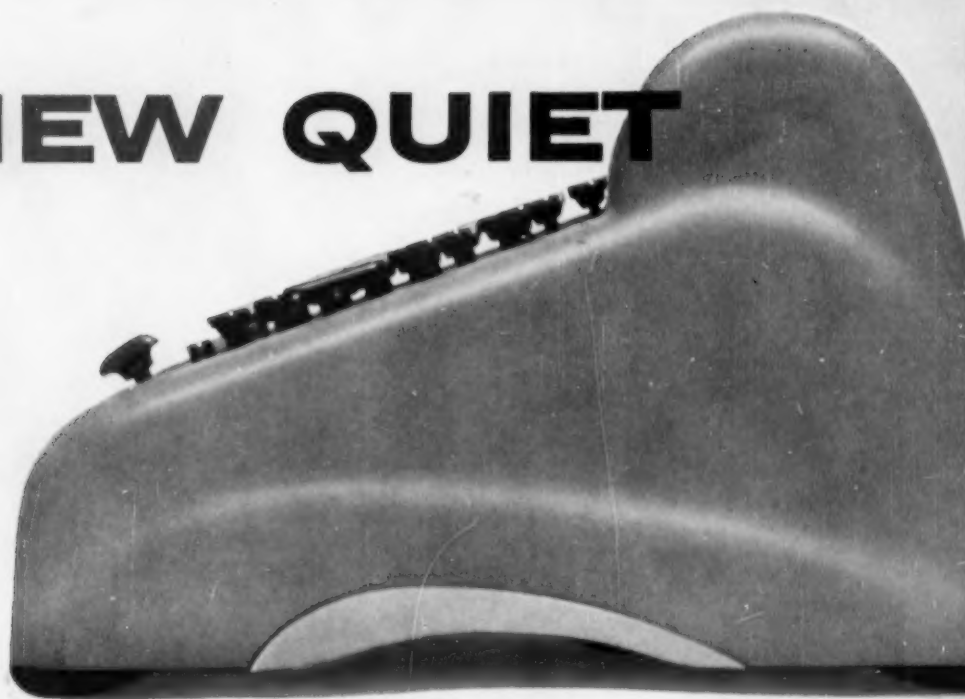
Airlines Face Probe On Passenger Fare Rates

The domestic airline industry, enjoying an unparalleled boom in traffic and revenues, is worried by the prospect of a government probe of its passenger fares.

The Civil Aeronautics Board hasn't said it will launch a general fare investigation, but pressure for a review has been building up in Congress. Chances are good that CAB will decide to look into the situation.

Congressional pressure comes from Rep. Emanuel Celler's House Judiciary Subcommittee on Monopoly, and from the House Appropriations Subcommittee, which handles CAB's budget. Both groups criticize CAB for never having conducted an over-all investigation of passenger fares and set up a policy for these fares.

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NEW COLOR



NEW CALCULATOR

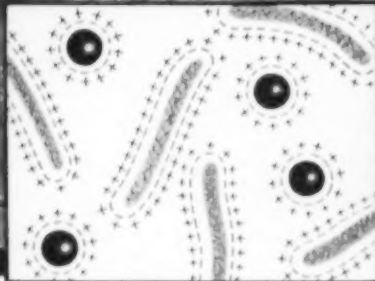
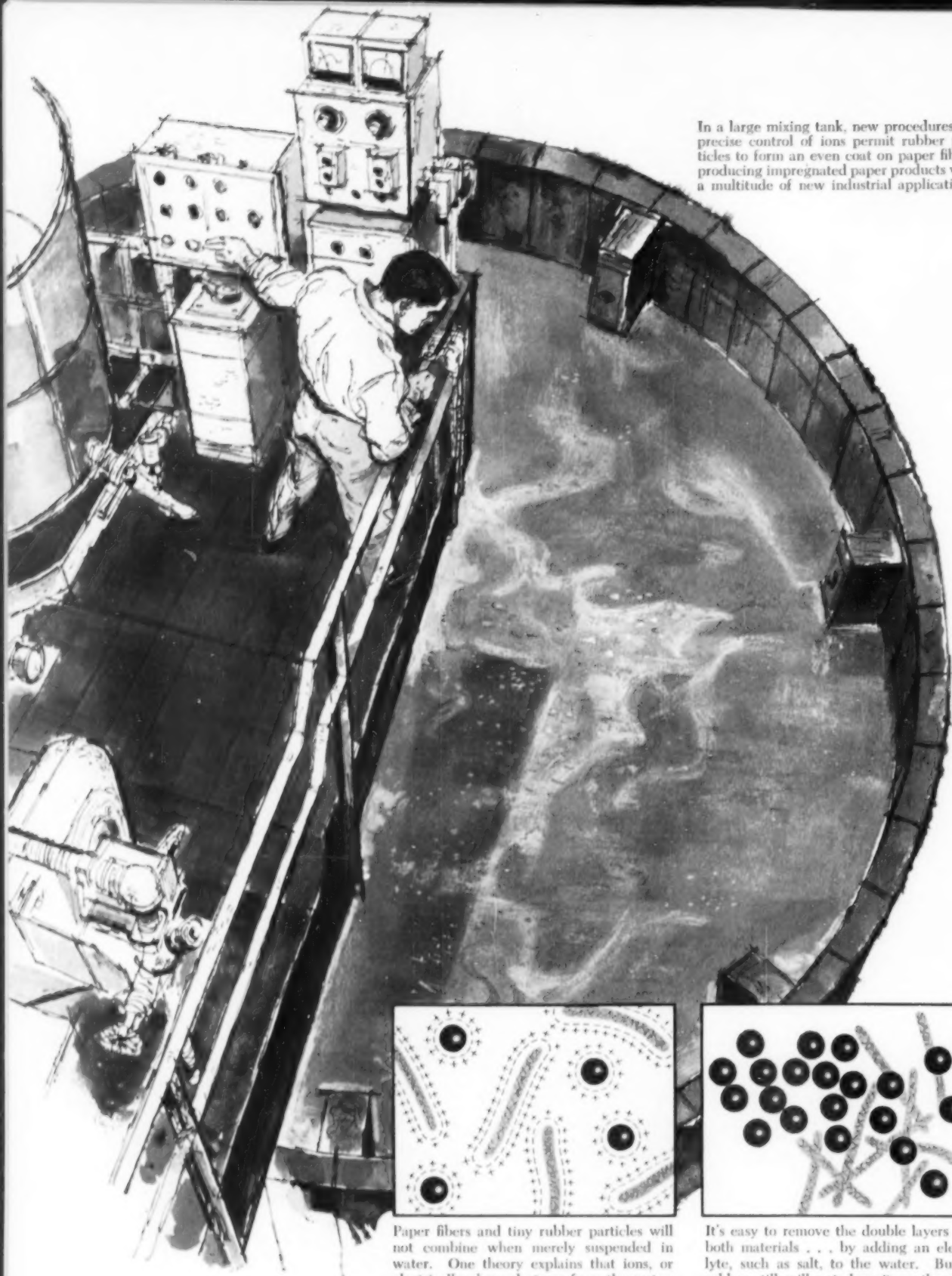
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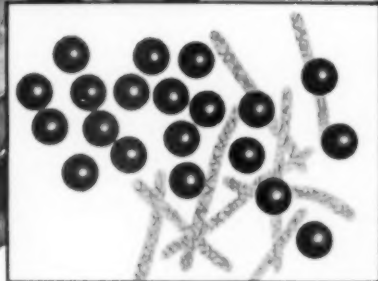


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In a large mixing tank, new procedures for precise control of ions permit rubber particles to form an even coat on paper fibers, producing impregnated paper products with a multitude of new industrial applications.



Paper fibers and tiny rubber particles will not combine when merely suspended in water. One theory explains that ions, or electrically charged atoms from the water, collect in double layers on both rubber and paper. These layers act like protective envelopes that keep the two materials apart.



It's easy to remove the double layers from both materials . . . by adding an electrolyte, such as salt, to the water. But the rubber still will not deposit on the paper fibers. Instead, the rubber particles cluster together in stringy masses that research workers were quick to nickname "rhubarb."

How a new method of "ion control" is opening up amazing industrial uses for paper

For years it was believed that a material made of rubber-coated paper fibers would have almost unlimited possibilities—as a base for artificial leathers, as a filtering medium, for use in low-cost gaskets, and in many other industrial applications.

To make such a material, and make it inexpensively, Armstrong research workers felt that the individual fibers had to be coated with large amounts of rubber while they were suspended in a liquid . . . in the watery pulp stage of paper manufacture. But they also knew that suspended paper fibers and rubber normally wouldn't combine uniformly in the right proportions.

The reason for this situation was well known. In fact, the 19th Century writings of a German physicist named Helmholtz describe the phenomenon that occurs when particles of any material are suspended in water. Double layers of tiny electric charges—called ions—form protective envelopes around the particles and keep them apart.

A few years ago, a group of Armstrong research chemists set out to make practical use of the Helmholtz Double Layers. After working through a year-long maze of experiments, they hit upon a

process which precisely controlled the layers of ions. With it, rubber could be made to coat paper fibers evenly and thoroughly and in amounts as large as 100 per cent of the fiber weight.

Most important, this new process was adaptable to mass production with virtually no sacrifice of laboratory accuracy. Completely uniform compositions could be made combining rubber and fiber in almost any useful proportion. Saturated papers with wider and more interesting industrial applications thus became possible.

A low-cost gasket material of unusual dependability is one of the many applications of the new Armstrong process. This material, called Accopac®, also contains finely ground cork. It is resilient, dimensionally stable, and impervious to most common fluids, even at bolting pressures as low as 800 pounds per square inch. Accopac already is widely used in automotive equipment, aircraft devices, appliances, and many other consumer and industrial products.

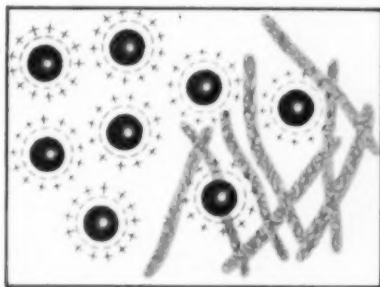
For more information about Accopac, write for the 24-page manual, "Armstrong Gasket Materials." It's free to industrial users. Write Armstrong Cork Co., Industrial Division, 8204 Indian Rd., Lancaster, Penna.



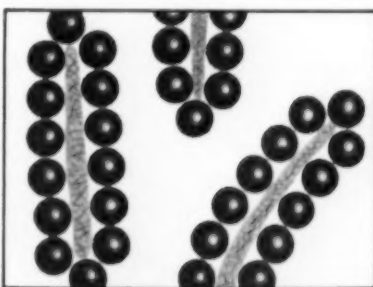
Armstrong INDUSTRIAL PRODUCTS

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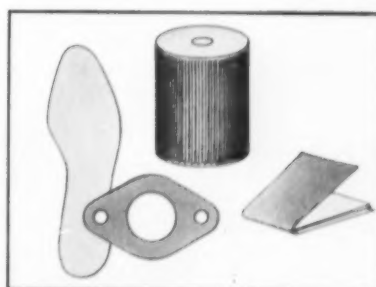
adhesives . . . cork composition . . . cork-and-rubber . . . felt papers . . . friction materials



If you remove the charges from the paper fibers only, the double layers of ions on the rubber particles keep the rubber particles from sticking to each other. But these layers also keep the rubber from sticking to the paper fibers except in a random, haphazard manner. This obviously is not the answer.



The trick, then, is to remove the double layers from the fibers only, while those on the rubber are merely made thinner. This is managed so the layers on the rubber particles remain thick enough to keep the rubber from bunching, but not thick enough to keep it from coating the fibers uniformly.



A practical and precise method of ion control is what Armstrong research chemists developed. Commercial applications include new and far better saturated papers for artificial leathers, gasket materials, oil filter cartridges, notebook covers, shoe insoles, and many other important industrial uses.



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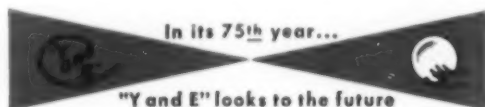
A Credenza can hold your telephone, dictating equipment, books, reports, and other tools you want within reach, but out of the way.

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*How many of
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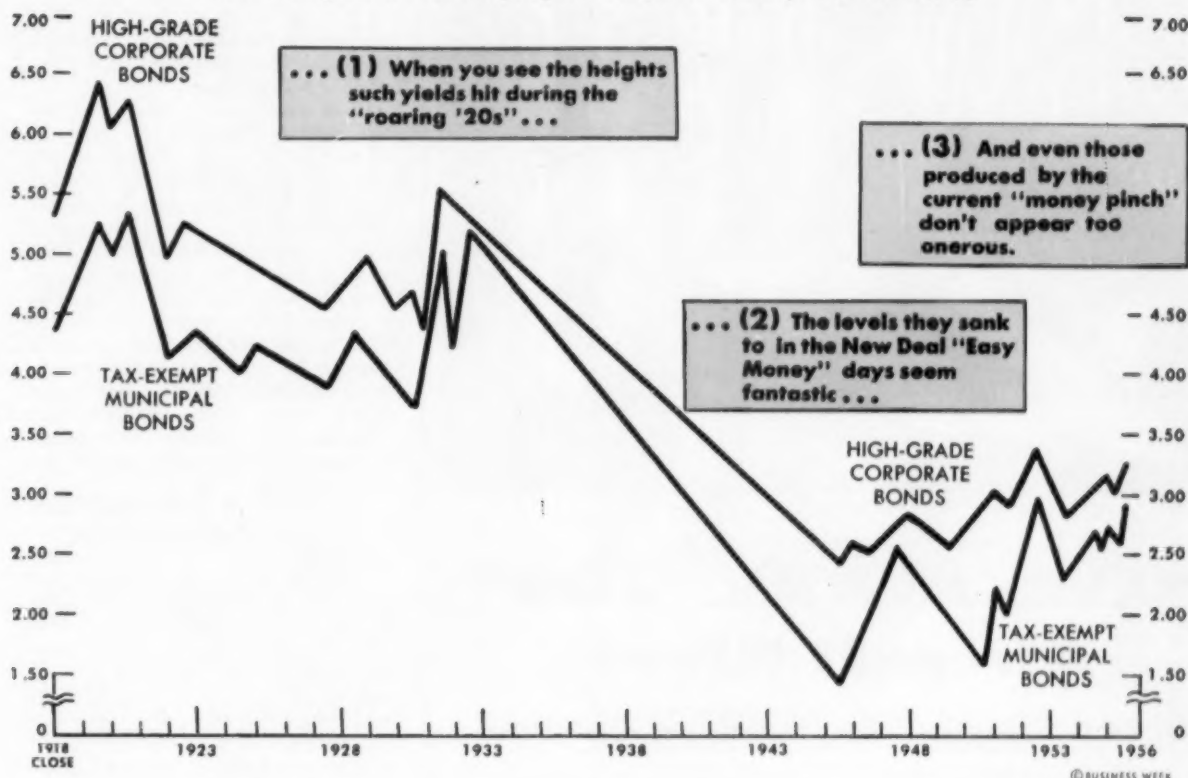
telephone
dictaphone
letter tray
calendar
appointment pad
books
picture of wife
and kids
ash tray
cigarette lighter
pen and stand
water jug and glass
stapler
list finder

*More than two or
three mean clutter.
You would work
more efficiently, in a
neater office, if most
of them were behind
you on a Credenza.*

FINANCE

The Range of Nongovernmental Bond Yields Since World War I

Percent Yield (Standard & Poor's Corp. High-Grade Corporate and Municipal Bond Yield Indexes)



Borrowing: Costly But No Peak

If you're feeling an urgent need to borrow some money, the chart above has harsh news for you. For it shows that the cost of borrowing, both corporate and municipal, is the highest since the end of World War II, with the single exception of the money squeeze that came soon after Pres. Eisenhower took office (BW-Apr. 11 '53, p. 52).

The costs will be high no matter how you do the borrowing, be it by short-term notes to the bank, or by the sale of commercial paper, or by the sale of long-term debt obligations either to the public or direct to the lender. Nor does it matter who you are; rates are up alike for the U.S. Treasury, for cities, states, and towns, for corporations, both large and small.

What's more, plenty of money market experts predict that borrowing costs will be climbing still higher for a while, before they start to level off, much less to drift lower.

• **New Issues**—Unpalatable as the chart figures are to corporate and municipal

fiscal people, they are not so untasty as the full diet of the money market. The chart figures are based on the yields of groups of bonds that are already outstanding and well seasoned. Of course, such prime securities do move up and down with the ebb and flow of the market, but their normal swing is much more sedate than the pendulum of new-bond costs. In the past couple of weeks, new issue borrowing costs have mounted to as much as 50 basis points, or $\frac{1}{2}$ of 1%, higher than the matching yield indexes (BW-Apr. 21 '56, p. 23).

The wise man does not sniff at that puny looking $\frac{1}{2}$ of 1%. It may be only \$5 a year on a \$1,000 bond, but it's a lot of money if you're selling a \$25-million issue, with 25,000 of those harmless looking \$5 going out in interest payments every year for 25 or 30 years.

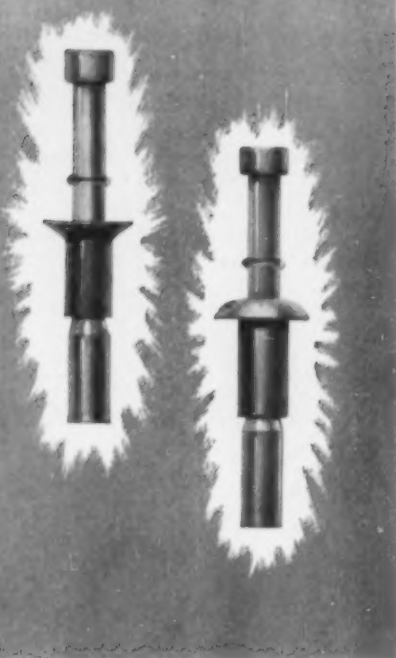
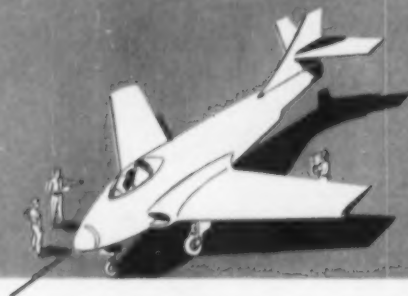
• **The Wails Are Loud**—Pathetic moans are rising from the borrowers, and some Wall Street quarters, about these borrowing costs. Many fingers point with sorrow to such examples as South-

ern California Edison Co., which last week had to pay a borrowing cost of $3\frac{1}{2}\%$ on a \$30-million offering of long-term bonds. A similar piece of financing had cost only 3%, in August, 1954. And you're told that the company got \$520,000 less from the underwriters this time, and had to agree to pay an additional \$186,000 in interest.

Kentucky Utilities Co. is another favorite horrible example. Underwriters recently had little success trying to dispose of \$15-million in new $3\frac{1}{2}\%$ bonds at 101.45% of par. Yet only three years ago the same company was able to sell similar mortgage bonds with a $3\frac{1}{2}\%$ coupon at a shade over 103.

• **Perhaps Too Loud**—All these facts are true as far as they go, but they have the serious fault of leaving the impression that the new borrowing costs were the highest ever experienced by either company. This just isn't so. Thus, in the famous money squeeze of 1929, the underwriters handling some financing for Kentucky Utilities had to offer its bonds on a 5.06% basis to insure

NEW



NEW CHERRY "700" Aircraft Rivet

Gives More Effective Fastening

A new, more effective fastener for the aircraft industry has been developed and is now being produced at the Cherry Rivet plant in Santa Ana, California. Designated the Cherry "700," the new rivet provides a wide grip range, positive hole fill, high clinch, uniform stem retention and permits 100% positive inspection.

The "700" rivet is versatile and in many cases one length of each diameter will cover all thicknesses of material. Also, the sheet hole size is not critical as with other rivets since the design provides positive hole fill even in oversize holes. The stem always adjusts to fill the hole which affords high stem retention independent of hole size.

The manner in which the "700" rivet is set provides high clinch by drawing the sheets together

tightly and uniformly. When the "700" rivet is set, the stem shoulder protrudes above the rivet head and gives visual indication that the blind upset is properly formed, the sheet hole is filled and the rivet is properly set.

This latest fastener advancement is a typical example of how the Cherry Division has paced the industry with new and improved fasteners and the tools and accessories for applying them—all of which are designed, developed and produced in the Santa Ana plant.

This plant is devoted exclusively to the manufacture of products for the aircraft industry.

For information, write for the new Cherry "700" bulletin to Townsend Company, Cherry Rivet Division, P.O. Box 2157-A, Santa Ana, California.

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"... today's rates are far below some of the earlier 'squeeze' highs ..."

STORY starts on p. 117

their sale. In the same period, Southern California Edison had to make an offering on a 5.14% basis.

All of which simply means that despite all the wailing today's rates are not sensationally high. Indeed, they're far below some of the earlier "squeeze" highs that have been recorded in the new issues market.

The strength of the present wailing is largely due to the short memory, or short borrowing experience, of so many of today's active borrowers. All too many of the newer-comers use for a yardstick the record low rates brought on by the New Deal-Fair Deal policy of easy money. Any rate looks high when compared with the 1946 peak of the cheap-money period, which produced cases like these:

- Standard & Poor's yield index for government bonds reached the record low of 2.08%.

- Wall Street underwriters had no qualms about offering to the public \$81.6-million in new 45-year 2½% Union Pacific bonds at 102.19% of par, a price that offered investors a yield of only 2.43%. Nor did they boggle at pricing \$4.4-million Madison Gas & Electric Co. 30-year 2½s at 102½, or a yield basis of about 2.39%.

- **Then Look Further**—These comparisons lose their steam if you turn back the calendar a lot further, and look at some of the rates chalked up in the famous money squeezes that came before the easy-money era.

Look at these 1929 figures. Then, the underwriters had to offer a long-term issue of Atchison, Topeka & Santa Fe at a 4.50% yield basis, Chesapeake & Ohio at 4.74%, Southern Pacific at 4.85%. Among utilities, Bell Telephone of Canada had to go to 5%, Florida Power Corp. to 5.87%, Carolina Power & Light to 5.07%, El Paso Natural Gas (on 10-year obligations) to 6.75%, Wisconsin Natural Gas to 4.95%, and Baltimore Gas & Electric to 4.75%.

In the early 1920s, borrowing costs had been higher. Southern Bell Telephone bonds had to be offered on a 5.75% basis, Baltimore Gas & Electric at around 5.50%, and Detroit Edison on a better-than-7.1% basis, on an issue of 6½% bonds priced at 88% of par. Issues of Louisville & Nashville RR, Bell Telephone of Pennsylvania, and Illinois Bell had to be priced to yield between 5.10% and 5.23%. And such leading companies as Ohio Edison, Youngstown Sheet & Tube, Anaconda

HOW THE SOUTHERN COMPANY HELPS TO PROVIDE A HUNDRED MILLION DOLLARS A YEAR FOR SOUTHERN GROWTH

The Expanding South Has A Big Appetite for Electric Power ...The Driving Force Behind Its New Industrial Might

DURING the past eight years demands for electricity in the four-state area served by The Southern Company System have more than doubled. It takes many things to satisfy these huge requirements: steel and concrete for power plants and dams, great turbo-generators, transmission lines to take the power where it's needed—and money. The system operating companies in Alabama, Georgia, Florida and Mississippi will spend more than a billion dollars in the decade 1952 through 1961 on new power facilities.

The Southern Company helps to finance the construction programs of its operating companies, and at the same time strengthens their capital structures. Southern does this by selling shares of its common stock to the public and investing the proceeds, together with retained earnings, in the operating companies, thus, as the security analyst puts it, "building up their equities."

During the past eight years, for example, when the system carried out a \$607 million construction program, \$178 million of this amount was made available by The Southern Company. Southern increased its investment in Alabama Power Company by \$77 million, Georgia Power Company by \$76 million, in Gulf Power Company by \$12 million, and in Mississippi Power Company by \$13 million. Southern's additional investment in these companies helped to build power plants and lines and substations—but it did more than that. By raising the equity portion of their capital structures it created a more favorable market for their bonds and preferred stocks.

Today the total capitalization of the Southern System is in excess of \$800 million, more than double that at the beginning of operations in the fall of 1947. And while the capital structure has expanded, it has become stronger, for an important feature of its growth has been the rise in equity from 23% at the end of 1947 to 32% at the end of 1955.

The construction needs of the system operating companies are estimated at nearly three-quarters of a billion dollars for the 1956-1961 period. The Southern Company will continue its important part in financing electrical expansion so essential to the further growth of the South.

ELECTRIC POWER EXPANSION—SOUTHERN SYSTEM

NUMBER OF CUSTOMERS

1947	732,668	
1955	1,318,553	UP 80%

ELECTRIC SALES—Kilowatt-Hours

1947	6,960,689,000	
1955	14,813,650,000	UP 113%

SOUTHERN SYSTEM CAPITALIZATION

1947	\$389,213,000	
1955	\$807,896,000	UP 108%

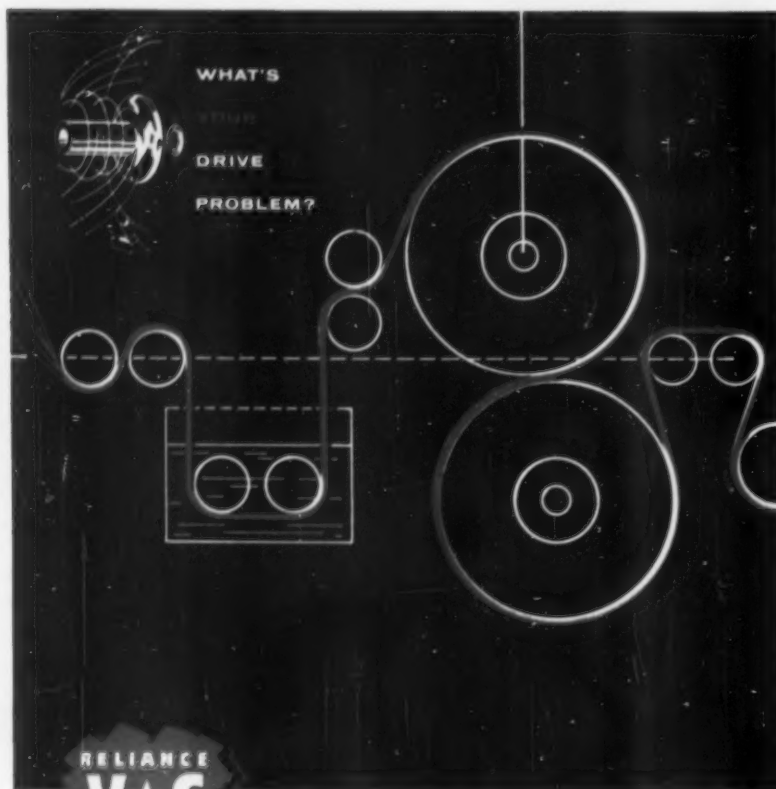
SYSTEM EQUITY CAPITAL

1947	\$87,808,000—23% of capitalization	
1955	\$260,783,000—32% of capitalization	

Shaded section designates area served by the four investor-owned electric power companies in The Southern Company system:



Alabama Power Company
Birmingham, Alabama
Georgia Power Company
Atlanta, Georgia
Gulf Power Company
Pensacola, Florida
Mississippi Power Company
Gulfport, Mississippi



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Cotton thread gets a hot starch bracer to strengthen its fibers for weaving. This operation, performed on a slasher, consists of unrolling threads by the thousands, running them through a starch tank, drying on large dryer drums and rewinding them.

By using several motors instead of a cumbersome gear-train, Reliance Multi-motor V*S Drives have increased slasher production 25%. Many different sizes of thread can be run on one slasher now with the wide speed range offered by Reliance Drives. Delicate automatic speed and tension control breaks fewer threads during the slashing operation providing better quality finished cloth.

This is another example of how the greater flexibility of Reliance V*S Drives is increasing the productivity of industry. What is your drive problem?

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RELIANCE **ELECTRIC AND ENGINEERING CO.**

DEPT. 345A, CLEVELAND 10, OHIO • CANADIAN DIVISION: WELLAND, ONTARIO
Sales Offices and Distributors in Principal Cities

Co., and Pure Oil all found themselves with new bond issues in the range of 6.05% to 6.60%.

• **At the Bank, Too**—Over the span of years, bank borrowings have followed the same pattern. It's true that the loan rates have gone up substantially of late, but the cost seems "unreasonable" only in relation to the abnormally low charges of the past few decades—rates often so low that many a bank officer, talking off the record, calls them virtually token payments.

Right now the prime rate—that charged by banks to borrowers of top credit standing—stands at 3½%, the highest for many years. But that is less impressive when you remember that between 1919 and 1930 there was only one rather short period when the rate fell below 3½%.

• **When Peace Comes**—Both of the World Wars were followed by tremendous waves of corporate borrowing, both through securities and bank loans. In the case of World War I this—plus a sharp recession in various fields—resulted, by mid-1920, in the banks charging prime risks up to 7% for short-term loans, compared with the 5½% rate prevailing at the start of 1919. Even government issues—despite their then tax-exempt status—had been pushed so low that S&P's index showed them yielding an average 5%.

In time, that money market calmed down, and interest rates edged lower. By the middle of the 1920s, the prime rate was back to 3½%. But it didn't stay there long. By 1928 it was up to 5½%; and in gaudy 1929 it reached 6% as soaring brokers' loans brought an extra squeeze on lendable funds.

When the 1929 bubble burst, credit became plentiful again, but there were few takers. By 1933 the prime rate had plummeted to a record low of 1½%. It stayed there for a long time, too, and didn't really begin the upward march until 1947.

• **Tales of Delay**—Some Wall Streeters, and some of the municipal bond crowd, claim that recent money market events have temporarily delayed some financing plans. But no prominent borrowers have yet appeared among the delayers, so far as can be learned.

Of course, if money continues tight, this situation can change. But for now, the situation seems to be that there is plenty of money available for any good credit risk who is willing to pay the realistic—but by no means record—rates that are being demanded.

Underwriters currently hold rather hefty amounts of unsold remnants of various recent "short" financing deals. But no serious congestion is yet noticeable. And Streeters see little danger of any serious indigestion developing over the near term provided underwriters follow realistic pricing tactics. **END**

Her fingertips imagine the taste



The lady doesn't trust her eyes alone.

The user of corrugated boxes is in much the same position. Aside from visual design, it's hard to tell one manufacturer's box from another simply by looking at it or fingering it.

Put the boxes out of sight and you may be able to see many differences. To many of the country's most important box users, these intangibles are more important than any other factor in the choice of a supplier. Service . . . dependability . . . structural and

visual ingenuity . . . in a nutshell, "Are they good people to do business with?"

Experienced buyers of corrugated boxes are placing an increasing share of their orders with Union. The implication, we think, is a fair one.

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SHIPPING CONTAINERS



Union Bag & Paper Corporation
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Coast to Coast in the U. S. A. and in Canada

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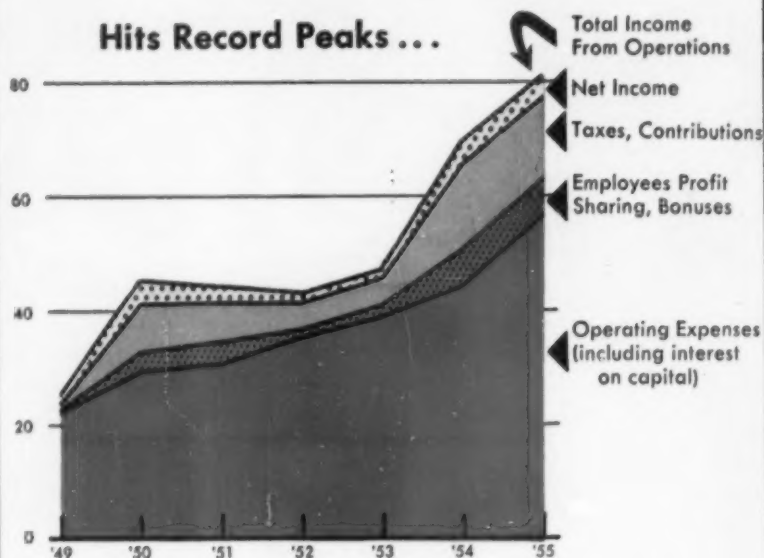
F. G. LUDWIG, INC.

840 Coulter Street, Old Saybrook, Conn.

Merrill Lynch, Pierce, Fenner & Beane:

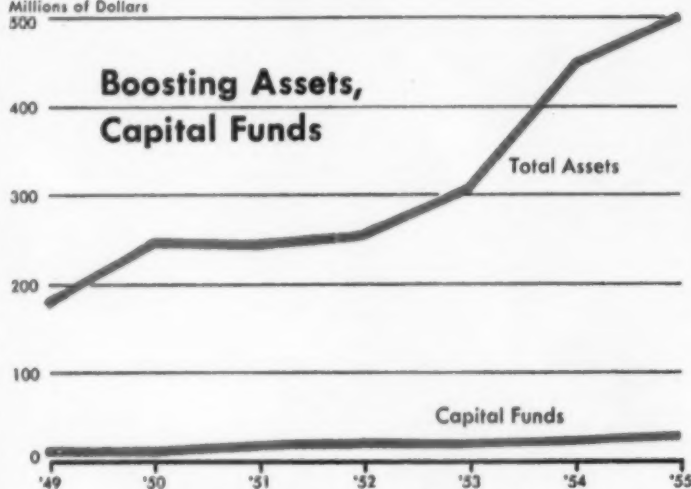
Millions of Dollars
100

Hits Record Peaks ...



Millions of Dollars
500

Boosting Assets, Capital Funds



Latest year figures for 12 mos. ended Feb. 29, 1956

Data: Merrill Lynch, Pierce, Fenner & Beane.

Banner Year for the Herd

For the nation's biggest brokerage house, 1955 was a happy time. Merrill Lynch, Pierce, Fenner & Beane, known variously as *We the People* and *The Thundering Herd*, ran up another skein of new records in practically every phase of its operations (chart).

Most of ML's activities are connected with the securities markets, particularly the stock market. Since the bull market kept up a pretty fair head of steam through the year, ML's success isn't too surprising. But the magnitude of

its operation is eye-opening, especially in a business where many small firms, rather than a few giants, are the rule.

• **Big Money**—In the 12 months ended Feb. 29, 1956, ML took in nearly \$82-million from its operations, a gain of 17% from the previous year. Operating expenses, including interest on capital, zoomed even more, going up 29% to slightly more than \$57-million. But even after figuring in estimated taxes, charitable contributions, employees' profit-sharing plans and bonuses, there

IN NORTHERN CALIFORNIA'S
RICH TIMBER LAND...



G-E Locomotive Saves \$20,000 A Year Working Timber Tracts For The McCloud River Lbr. Co.

In the heavily forested Shasta and Siskiyou counties of northern California, The McCloud River Lumber Co. harvests 110,000,000 board feet of western fir and pine annually.

Helping haul the giant logs is a 70-ton General Electric locomotive. Since installation, it has reduced McCloud's haulage costs \$20,000 a year, more than 20% gross annual return on investment. At the same time, this G-E diesel-electric doubles their haulage capacity.

Mr. R. A. Murphy, General Manager of The McCloud River Lumber Co., says, "Our only regret is that conditions did not permit us to buy our G-E diesel-electric five years ago."

WHAT ARE YOUR HAULAGE REQUIREMENTS? From the wide range of General Electric industrial locomotives—diesel-electric and straight-electric, for both surface and underground haulage—there's one fitted to your needs.

For a survey of your haulage requirements, without cost or obligation, contact your G-E Apparatus Sales Engineer. Locomotive and Car Equipment Department, General Electric Company, Erie, Pa.

120-41

Progress Is Our Most Important Product

GENERAL  ELECTRIC

to "speak softly..."

More than a year ago, one of the operating companies of General Precision Equipment Corporation—after nearly 8 years of joint development work with the Air Force—placed in scheduled production the most advanced air navigation system known to exist. Called AN/APN-66, the system is based on "Doppler effect," a known natural phenomenon, but one which others said could never be applied to aviation engineering. Its successful development brought to culmination still another notable aviation engineering "first" by a GPE Company.

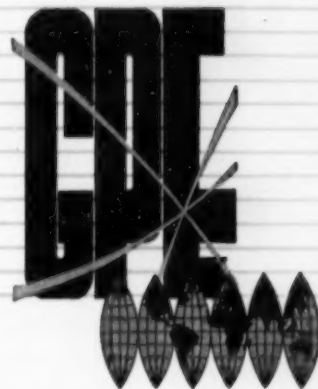
AN/APN-66 and related systems adapted for specific purposes compute air position with unprecedented accuracy and speed. They work independently of any ground-based reference, optical or electronic; are the only operational systems that are global. They provide a vitally needed element in the defensive-offensive power our country must have to speak softly, yet negotiate from strength.

For months now, these systems have been functioning as brain and nerve center in a substantial number of the Air Force's newest craft. In millions of miles of operational flight they have demonstrated their engineering genius. When put to civilian use, they will guide air liners to the remote corners of the globe with equal accuracy. Then, never again need a plane get lost anywhere...in any weather.

While the GPE Company primarily responsible for this AN/APN equipment is General Precision Laboratory, the systems are typical products of GPE Coordinated Precision Technology. Four other GPE Companies—Askania, International Projector, Kearfott and Librascope—participated with GPL in providing the components that made them possible. All now manufacture portions of the equipment.

As the chart on the opposite page shows, all of the producing companies in the GPE Group work in highly advanced fields. GPE Coordinated Precision Technology, a basic GPE operating policy, gives each GPE company access to the skills and facilities of the others and coordinates those which are relevant. This coordination has played an important part in amplifying the capabilities of all GPE companies, enabling them to solve highly advanced technological problems with vision. Frequently, as with these AN/APN systems, frontiers of science are pushed back on the way.

The GPE Producing Companies serve more than a dozen major industries. A brochure, "Serving Industry through Coordinated Precision Technology," describes their fields in some detail. It may well suggest products or facilities applicable to problems your company is facing. For a copy or other information, write:



General Precision Equipment Corporation

92 Gold Street, New York 38, New York

Industrial Uses Widened by New Features of GPL ii-TV®

Many additional industries are benefited, many established industrial applications made easier, by new closed-circuit equipment which has been added to the GPL ii-TV® System.

Have you a task that can be simplified by the instantaneous transmission of visual data? Like monitoring an assembly line or a remote machine? Controlling a complicated or dangerous process? Surveillance? Sales training? Stockholder relations? GPL ii-TV can help you solve these and hundreds of other business and industrial "seeing" problems.

The new GPL ii-TV equipment incorporates the same skilled design, the same top quality material and construction, for which all GPL television equipment is noted. When you use GPL ii-TV you are assured of outstanding picture quality, ease of operation and minimum upkeep. Moderate initial cost is often quickly offset by savings the equipment makes for you.

*The industrial-institutional TV System manufactured by General Precision Laboratory.



Basic ii-TV Camera—smaller than a football, weighs only 5 lbs. Shaped to fit into tight places. No special lighting needed; sensitive Vidicon tube picks up quality pictures at low light levels. Plugs into any AC wall outlet.

GPL ii-TV Camera mounted for remote-control, indoor use. Changes in direction—horizontal and vertical—adjustment of lens opening and focus can all be made from remote location. Full 360° camera viewing, 90° tilt.

GPL ii-TV Camera for remote-control, outdoor use. Weatherproof and explosion proof housings; full 360° camera viewing, 90° tilt.

GPL ii-TV Control Unit. 26 lbs. including case. Easily carried by one person. Wall or rack-mounted for permanent installation. Can be located remote from camera.

GPL ii-TV Switching Unit. Provides push-button selection for viewing the reports of four cameras, using only one camera control unit. With sequencing equipment, automatic remote surveillance of an entire production line or every step in control of a process is possible.

GPL Monitors or ordinary home TV receivers can be used. Circuit can include any number of receivers. Coaxial lines, easy to install, provide unlimited closed-circuit distribution.

GPL TV Projector. Multiplies the usefulness of a closed-circuit TV system by throwing bright, clear, movie-size pictures on a wall screen. Enables several hundred people to watch together.

Find out how GPL ii-TV's built-in superior features can help you. Write:



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A SUBSIDIARY OF GENERAL PRECISION EQUIPMENT CORPORATION



was still \$4,555,898 left to be divvied up among ML's 107 partners.

This is the second best take on record, exceeded only by the \$4,861,190 for the year ended Dec. 31, 1954—at least as far as the official annual reports are concerned. But, if you look at a small-print footnote in ML's latest report, you see that the 14-month period from Jan. 1, 1955 to Feb. 29, 1956 was the best ever for ML's partners.

• **Shift of Base**—Merrill Lynch switched its fiscal year from a calendar year to an end-of-February year. This cuts \$2,561,000—net for January and February, 1955—out of the figures for net after all charges and expenses. Adding this sum to the net for the 12 months, you'd have a 14-month net of \$7,115,898 for the Herd.

Merrill Lynch switched its fiscal years because it can now pay year-ahead taxes on the basis of the previous year's actual figures, instead of having to estimate on the basis of an incomplete calendar year. But the switch almost "loses" a two-month net that is nearly 57% as big as the total net for the next 12 months.

On the strength of its fine income showing, ML pumped up its total assets by 12.5%, to a record total of \$514,240,000, and capital funds went up \$6-million, to \$36-million. In the last 10 years, Merrill Lynch's assets have just about tripled, capital funds have moved up 24 times.

• **Millions of Deals**—Merrill Lynch's "vital statistics" are always a source of interest—and envy—to Wall Streeters. In their 116 nationwide offices, and over their 88,000 miles of private wires, the firm handled 2,469,000 separate securities transactions in 1955, on which the average commission totaled \$26.29.

Its round-lot customers (those buying or selling in 100-share blocks) bought \$3.4-billion last year, and sold \$3-billion worth.

ML's odd-lot customers, those dealing in less than 100-share blocks, paid a higher average per-share price than round-lot buyers did for stock, as you might expect. The average odd-lot price was \$50.37 per share, compared with \$35.46 a share by round lots. ML's total of all round-lot business on the New York Stock Exchange shrank slightly to an even 10%, compared with 10.2% the previous year. But its share of all odd-lot business on the Big Board rose from 17.8% in 1954 to 18.7% last year.

Merrill Lynch is also an important factor in the underwriting business. Either solely or jointly, it managed 42 offerings totaling \$310-million. This doesn't include the \$660-million Ford Motor Co. common stock offering, which ML handled as one of seven syndicate managers last January.

• **Promotion Changes**—One item that

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If you've been looking for a low-cost employee-benefit plan, MONY's new booklet belongs on your desk! Even if your firm has as few as 10 employees, it will show you how you can get the tailor-made program you want—a plan that can meet the varied needs of your employees in a way that brings you a maximum return in employee good will.

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ROOM 321, STATE HOUSE, PROVIDENCE, R. I.

**WHEN BUSINESS MEN WANT BUSINESS
NEWS THEY TURN TO BUSINESS WEEK**

didn't show up in Merrill Lynch's report was the quiet demise of one of its more florid ideas. Over the past 15 years, ML has spent \$15-million in advertising and promotion (\$720,000 last year). It has pushed ahead with bold, imaginative schemes that have often flabbergasted some of its more staid Wall Street brethren. Most of these were pitched at the small investor.

ML was leading sponsor of the Monthly Investment Plan, sponsored last summer's How to Invest Show, and recently opened an office in Grand Central Terminal (BW-Mar.10'56, p52).

Last February, though, one promotional venture quietly folded up. That was the stockmobile—three specially-fitted buses that were dispatched to outlying areas of Boston, Chicago, and New York to interest suburbanites in investment (BW-May15'54,p46). After more than a year of using the buses in those three areas, Merrill Lynch dispatched them to branches all over the country, each branch having a bus for one to six weeks.

The buses, however, didn't do so well transcontinentally. Special equipment such as two-way telephone and air conditioning began breaking down, and repair bills mounted. ML finally decided to drop the project, and the buses were given away in February—one going to a New Orleans Roman Catholic school, one to the University of Southern California, and the third to a Chicago boys' school.

Although the idea has been scrapped, the firm says: "We got our money's worth out of the buses—they operated in the black in their three original locations, and the promotional value of their nationwide tours is sure to pay off someday."

Rails' Rate Rise Blights Piggyback

Piggyback—movement of truck trailers on rail flatcars—has suddenly become a victim of the railroads' own successful campaign to get higher freight rates. The 6% freight rate increase that went into effect on Mar. 7 has resulted in widespread shifts of loads onto the highways and off the flatcars, according to Railway Age.

Piggyback managers are particularly disturbed because the service was just beginning to catch on. Now months of work in luring shippers to piggyback have been undone because shippers are taking advantage of truck rates that are lower than rail rates in some areas.

Perhaps the most distressing development is that in some areas where truckers have already raised their rates to conform with rail rates, shippers have

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Even before a Powell Corrosion Resistant Valve is made, it must pass the acid test. For quality control begins with the very materials which go into Powell Valves.

Constant laboratory control is one of the many ways we make certain that Powell Corrosion Resistant Valves will give dependable flow control. Another is the final step of manufacture: every Powell Valve is subjected to an actual line test.

To keep pace with the rapidly expanding

chemical and process industries, Powell has designed many new types of Corrosion Resistant Valves. The variety of pure metals and special alloys in which they are available has grown to such an extent that today there is a Powell Corrosion Resistant Valve to control the flow of almost every known, corrosive fluid.

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The Wm. Powell Company, Cincinnati 22, Ohio . . . 110th YEAR



These valves are Underwriter approved.

FIG. 1503 SS (Sectional)—
150-Pound Alloy Steel Gate Valve.



FIG. 3065 SS (Sectional)—
300-Pound Bolted Cap
Alloy Steel Horizontal
Lift Check Valve.

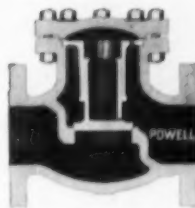


FIG. 1333 A (Sectional)—Integral
Bonnet Angle Valve For Pressures
of 1500 and 2500 W.S.P.



POWELL VALVES

BRONZE, IRON, STEEL AND CORROSION RESISTANT VALVES.



*Something goes into this box
besides a remote control toy...*



NATIONAL FOLDING BOX

COMPANY DIVISION

FEDERAL PAPER BOARD COMPANY, INC.

SALES OFFICES: CHRYSLER BUILDING, NEW YORK 17, N.Y.; NEW HAVEN AND VERSAILLES, CONN.; BOGOTA, N.J.; BOSTON AND PALMER, MASS.; STEUBENVILLE, OHIO; PHILADELPHIA AND PITTSBURGH, PA.
FOLDING BOX PLANTS: BOGOTA, N.J.; NEW HAVEN AND VERSAILLES, CONN.; PALMER, MASS.; STEUBENVILLE, OHIO; PITTSBURGH, PA.
PAPER BOARD MILLS: BOGOTA, N.J.; NEW HAVEN, MONTVILLE AND VERSAILLES, CONN.; READING, PA.; STEUBENVILLE, O.; WHITE HALL, MD.

continued to use trucks rather than rail. Some roads' piggyback traffic has fallen as much as 40% since the higher rail rates became effective. However, the New York, New Haven & Hartford and the Pennsylvania RR, two of the biggest piggybackers, reported that volume was off only slightly. And in the Chicago area, where truck rates were hiked right after the rail increase, piggyback traffic has held up.

FINANCE BRIEFS

Ford Motor Co.'s first-quarter earnings didn't quite measure up to Wall Street expectations. Streeters had expected some slack-off from last year, but not the 28% decline that showed up this week. Net of \$73.7-million for the three months compares with a \$102.5-million first quarter last year. Sales were off from \$1.4-billion to \$1.2-billion.

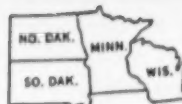
Just about two years after he helped Robert R. Young to gain control of the New York Central RR in a bitter proxy fight, Clint W. Murchison, Texas millionaire, has bowed out of the Central's board. Murchison, with fellow Texan Sid W. Richardson, bought 800,000 shares of Central to boost Young to victory. He now holds only a fraction of that; most of the rest has been bought back by Young's Alleghany Corp., headed by Allan P. Kirby, long-time Young friend and fellow Central director.

Recapitalization lies ahead for Curtis Publishing Co. if the Treasury Dept. and stockholders go along. Pres. Robert E. MacNeal would like to shift some of the company's capital structure into debt securities from preferred stock. The company has been buying up some of the preferred, but would like to refinance into debt, so that interest costs would be tax-deductible.

Interest on time deposits has been hiked by New York's two biggest commercial banks, First National City and Chase Manhattan. As of May 1, the two banks will pay 2½% on deposits up to \$25,000. The banks had been paying 2% on deposits up to \$10,000, 1% on deposits over that. The move reflects both the increasing competition for deposits from savings banks in the New York area and the urge to lure more deposits back to New York from outlying towns. New York has been steadily losing its position in terms of percent of all deposits (BW-Apr.21'56, p136). The move also indicates a feeling that higher interest rates will stick for sometime.



For hire in the Upper Midwest



An army of highly skilled clerical help

THIS PAYROLL-MACHINE OPERATOR (she turns out 175 checks an hour, and ask your office manager if *that* isn't fast) is typical of the Upper Midwest's army of high-producing office personnel.

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The Upper Midwest offers a vast source of such office talent . . . constantly increased by the graduates of 133 state universities and colleges and 13 business schools, teaching the newest business techniques.

In fact, the high caliber of this area's clerical help is

an important factor in the decisions of major corporations to set up offices here—including the Prudential Life Insurance Company's new \$8,000,000 Regional Office in Minneapolis.

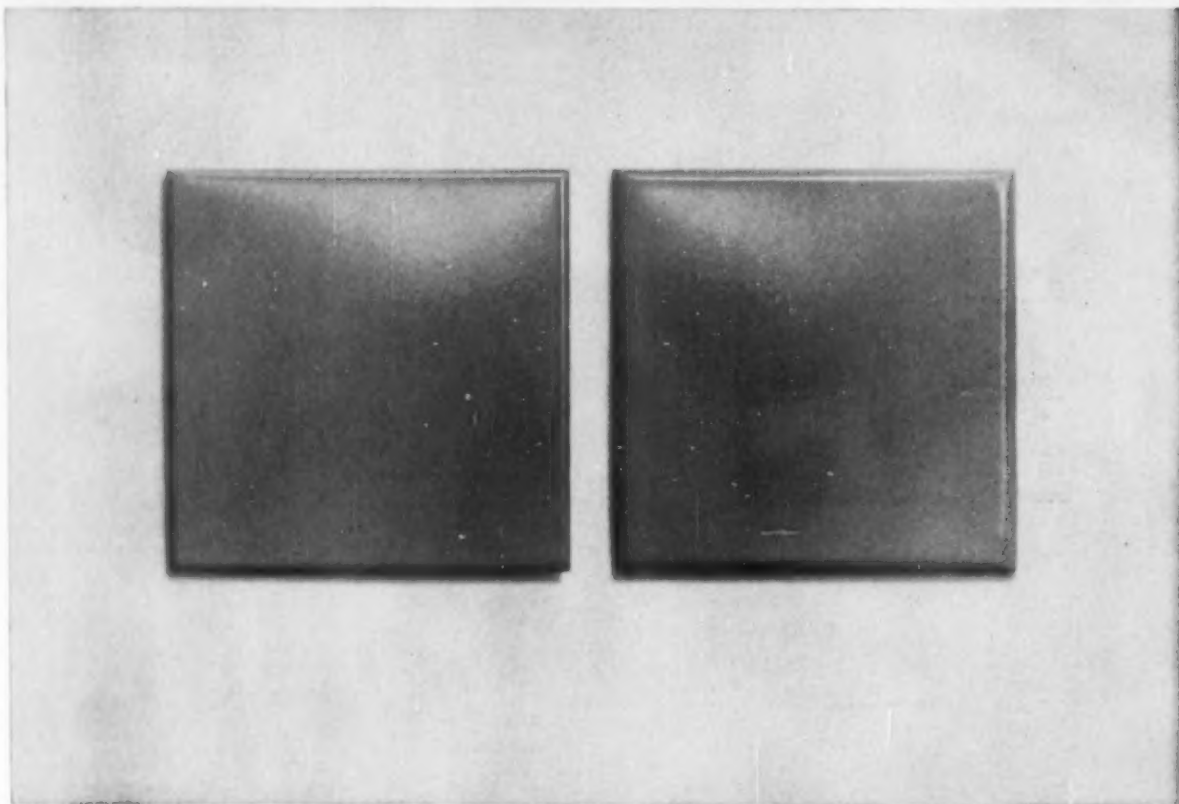
And this area's matchless recreational facilities help keep our workers healthy . . . alert for their work. More than 19,000 lakes for year-round fishing. Vast hunting areas for deer, pheasants, ducks. More than 470 golf courses. Plenty of space for gardening and outdoor entertaining.

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Upper Midwest people know how . . . and prove it!

NORTHERN STATES POWER **NSP** COMPANY, Minneapolis 2, Minnesota

Which porcelain-on-aluminum tile is prefired?



THE TILE AT THE LEFT HAS BEEN PREFIRED . . . the one at the right Alodized with Alodine and enameled without prefiring. Although the prefiring operation has been eliminated, there is no loss of quality in the finished product. This is another first for Vikon, which introduced porcelain-on-aluminum tile.

Vikon Tile Corporation applies Alodine® coating to eliminate prefire cycle—makes substantial saving without sacrificing the fine quality or the permanency of its porcelain-on-aluminum tile.

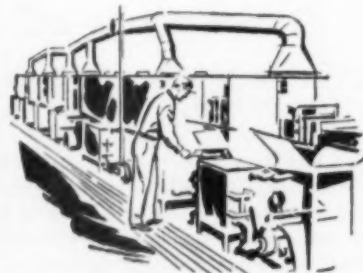
In the 6-stage Alodizing process developed by ACP for Vikon, the 3S aluminum half hard coil stock is cleaned, treated with Alodine 1200, and dried. Residues and contaminants are completely removed to provide a perfect base for the porcelain finish. And no expensive pre-fire operation is required to maintain the uniformly fine quality of the finish. Not only did ACP provide

the method for preparing the aluminum strip for finishing, but it solved the problem of preventing contamination of the tile during the stamping operation.

Tests of finished tile have shown that there is no spalling and no fracturing of the porcelain. Color matching is no problem, and rejects due to contamination are extremely low.

Still another advantage of this newly developed process for the manufacture of porcelain-on-aluminum tile is offered by ACP. Its Service Department will make periodic inspection of the process in operation and of the equipment. And its Quality Control Laboratories will

run tests of finished coupons. Both are free of charge — added services that keep the Alodizing process working effectively.



THIS 6-STAGE ALODIZING MACHINE cleans, treats and dries the 3S aluminum strip. Residues and contaminants are completely removed so as to provide a perfect base for the finish.

Write us for Bulletin 1241A. It gives complete information about Alodizing with Alodine

AMERICAN CHEMICAL PAINT COMPANY, Ambler 37, Pa.

DETROIT, MICHIGAN

NILES, CALIFORNIA

WINDSOR, ONTARIO



MARKETING

Old Style Selling For New Carriage Trade

Some top stores downgrade for mass markets. Hammacher, Schlemmer's president, John Gerald (below), pins his faith to carriage trade. Return of the dwarfs (cover), the old trademark, symbolizes his belief.



Customer muses over fancy candelabra. To be "real Hammacher, Schlemmer," an item must be useful — and above all distinctive.

THE NAME Hammacher, Schlemmer & Co. has held a special magic for several generations of customers. To a smallish, top-income group in recent decades it has been the quietly elegant first resort for the extra-special in gifts and home furnishings. Its customers expected — and got — the last word in quality and service, and willingly paid for it.

To John Gerald (cover and picture, left), new president and owner, this is the way retailing should be. Gerald, who had had his own interior decorating firm, brought with him a name he had built up as head of B. Altman & Co.'s interior decorating department. A man who loves retailing, he ardently advocates the old Hammacher, Schlemmer formula of top quality merchandise, and luxury service.

Quality was basic to the formula a hundred years ago, when Hammacher, Schlemmer meant hardware. In the days when there were no hardware stores, founder William Schlemmer filled a gap by selling the best, much of it at wholesale. When his son, William F. Schlemmer, moved uptown to New York's 57th Street in the 1920s and added luxury gift and household items, he polished up the formula for a pampered clientele.

In 1953, the last Schlemmer owner, widow of the founder's son, sold out to a group of investors. For a while it looked as though the old formula might go down the drain. The carriage trade had changed. A new, better-heeled middle market was moving in. The new Hammacher, Schlemmer management, like some other old-line retailers, tried downgrading and price selling to shore up sales. Last April, it sold to Gerald.

Gerald, too, hopes to cash in on the new money — and keep his old customers happy as well. But his strategy is to go back to the traditions that gave the store its magic in the first place.



A perfectionist, Gerald stops in new linen department to straighten out a display bed.



He started interior decorating department — and always comes by to help close a deal.



He discusses with one of store's carpenters a new bar being built for a customer's home.

With supplier, Mrs. Curtis Harrison, he works out details of a new item.



Pres. Gerald (above) has hand in picking products for catalog — an important selling tool.



With crack salesman, Dominic Tamponi, he talks over key sales policy.

HAMMACHER, SCHLEMMER is still a carriage-trade store. But even the carriage trade lives differently today. Pres. Gerald takes a direct hand in everyday store operation to adapt it to new times and new markets.

Story starts on p. 133

ONE OF the first things John Gerald did when he became Hammacher, Schlemmer's president, was to put the dwarfs to work again. These small creatures (cover), emblem of Hammacher, Schlemmer's earlier heyday, had been in exile for 30 years. Gerald, who remembered them from his own boyhood, dusted them off and lovingly reinstated them in a post of honor in the store's windows and its advertising.

This single gesture tells a great deal about Gerald's approach to his new venture. He has made many changes in the old store. Some have been simple physical alterations to modernize the layout. His most important changes, though, have not been innovations but reversions to the concepts on which the Schlemmers had built.

- **Details Add Up**—Item by item, the changes don't loom very large—a liveried doorman to let customers in, "our Mr. Skinner" just inside the door to greet every customer; the addition of a service department, or the expansion of an old one. But they add up to a real atmosphere. Once more Hammacher, Schlemmer wears the unmistakable air of the carriage trade.

It is perhaps not quite the air of extravagance that the old Hammacher, Schlemmer had. Today's rich live different lives—at once more strenuous and more casual—from the ones their grandfathers lived. In making changes, Gerald has kept this sharply in focus.

Besides, Gerald, like every other retailer, knows that the movement of



He chats with customer. This part of job he enjoys because, "I love meeting people."



With buyer Hugh Kremer, housewares and foods, Gerald looks over new merchandise.

wealth in the postwar years has been toward the middle—down from the top, up from the bottom. Thus, a carriage-trade store has a brand-new market potential: the newcomers to prosperity, who would have shied off from such shops a quarter of a century ago. Gerald wants his share of that new money. This, too, calls for some different slants in merchandising.

- **Ways to Do It**—Many old-line stores share Hammacher, Schlemmer's problem. All prestige retailers have felt the change. Most of them have tried, one way or another, to cope with the shifts of income and the new living patterns.

W. & J. Sloane has made a direct bid for the middle-income market with

its Penny Wise Shop (BW—Oct.20'51, p137). Exclusive specialty shops such as Bergdorf Goodman (BW—Nov.17 '51,p46) and Henri Bendel, Inc., have broadened their middle-priced lines. Even Tiffany & Co. last fall announced that it was overhauling its merchandising policies and advertising its sales for the first time (BW—Oct.29'55,p64).

Such shifts don't come easy. Sloane, Tiffany, and Bendel have all been through management changes in the past couple of years. Lewis & Conger, another old-timer, has recently given up the ghost. Whether or not the stores succeed in their efforts, it's plain that they have had to face a vital problem.

- **Keep What You Have**—Gerald's so-

Miniature screws aid standardization of small devices

Tiny close-tolerance UNBRAKO screws available in standard sizes

New economies in the design of space-saving miniature equipment are possible with these UNBRAKO miniature socket head cap screws. Manufactured to timepiece precision, available locally, they save the costly necessity of designing special screws to fasten tiny parts in compact units. They're ideal for use in typewriters, calculators and computers, servomechanisms, electric and electronic equipment—and in countless other small, intricate devices where maximum reduction in bulk and weight is required with no sacrifice in strength of individual components or assemblies.

Fingers grip the knurled heads on these tiny screws positively for easy handling and fast assembly. Uniform hex sockets assure maximum wrenching torque. Controlled fillets under the heads prevent shearing of the heads. Threads are fully formed for maximum strength and exact fit. Extremely accurate head diameters permit their use in countersunk holes, saving weight by reducing the length of the screw required and making flush designs possible.

These standard UNBRAKO miniature screws are available at your authorized industrial distributor's. See him today. Or write us for Bulletin 2055 and samples. Unbrako Socket Screw Division, STANDARD PRESSED STEEL CO., Jenkintown 57, Pa.



Standard UNBRAKO miniature socket head cap screws are available in sizes #0, #1, #2 and #3, in heat treated alloy steel or stainless steel, at your authorized industrial distributor's. Standard lengths range from 1/8 to 1/2 in.

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HEAT-TREATED ALLOY STEEL

Class 3 Fit Standard

Technical drawing of a bolt showing dimensions: F (hex head width), B (hex head height), L (bolt length), A (hex head diameter), and D (thread diameter).

		Recommended Installation		Length	Weight per 1000 in Pounds
Diameter	Threads per Inch	Torque in Inch-Pounds			
	NC	NF			
#0	A .104	80	1/8	2.0	.152
	B .060	80	3/16	2.0	.182
	D .060	80	1/4	2.0	.210
	F .050	80	3/8	2.0	.265
#1	A .118	72	1/8	3.5	.27
	B .073	72	3/16	3.5	.32
	D .073	72	1/4	3.5	.37
	F .050	72	3/8	3.5	.47
#2	A .140	56	3/16	6.0	.42
	B .086	56	1/4	6.0	.50
	D .086	56	3/8	6.0	.58
	F 1/16	56	1/2	6.0	.70
#3	A .161	48	3/16	8.5	.59
	B .099	48	1/4	8.5	.70
	D .099	48	3/8	8.5	.81
	F 3/64	48	1/2	8.5	1.03



SOCKET SCREW DIVISION

STANDARD PRESSED STEEL CO.



JENKINTOWN PENNSYLVANIA

lution sounds refreshingly simple. If you have the carriage trade, keep it. "In this day of gimmicks, something-for-nothing merchandising," he holds, "there is still a good market among those who want to buy quality with confidence." Not only are the prestige customers worth holding in their own right—they also provide the glamor that will help draw the new money in.

Setting up such targets involves some shifts from Hammacher, Schlemmer's recent past. This store, too, has known the stress of changing times—and changing managements.

• **Change of Hands**—By the time William Schlemmer's widow sold out in 1952 to David Berdon & Co., which buys and sells companies, the first flush of postwar selling was over. Sales were slipping. Maybe, suggests a veteran Hammacher, Schlemmer official, the new management was more frightened than it needed to be. At any rate, it took to such merchandising devices as advertising the \$3.98 special, trade-ins, bargain-day selling. When Gerald bought it, it was a house divided against its traditions, and was losing money.

Gerald can cite businesslike reasons for his strategy for reversing the downturn. But it is obvious to an observer that, in calling up the old merchandising graces, he is doing what comes naturally. The marriage of Hammacher, Schlemmer, carriage trade shop par excellence, and John Gerald, retailer, interior decorator, merchandising consultant, was more than a marriage of convenience. It was a marriage of love.

I. From the Past

If William F. Schlemmer could return to his store today, he would doubtless recognize and approve much of what he saw. Hammacher, Schlemmer is a smallish store; its volume ran around \$3-million last year. It draws a faithful clientele from New York society and upper-crust customers the country over. Crowned and uncrowned heads of Europe, big theatrical people are its devotees. A flourishing catalog and mail order business comes in from well-heeled families the world over.

• **Genesis**—Of course, Hammacher, Schlemmer wasn't always like this. William Schlemmer, the founder, fresh from Germany, started to work in his uncle's little hardware shop in New York's Bowery in 1853 at the age of 12. He developed the store into a top-notch supplier for both industry and consumers. In 1859, he persuaded Alfred Hammacher to invest in the concern.

Hammacher, Schlemmer became a name to conjure with in hardware. It's mammoth catalog was the Bible of the industry; it covered everything from nuts and bolts to piano parts.

• **Exodus**—His son succeeded him in

1916. Unlike his father, William the younger disliked hardware. He moved the store to its present uptown site in 1926, relegated the hardware to the basement, and blossomed out into a retail merchant of costly gifts and housewares.

Shoppers looking for the exotic can still find it at Hammacher, Schlemmer: a gold-leafed eagle weather vane, priced at \$245; a Lucite coat rack for \$99; duck presses; a Wok shrimp fryer ("We're the only store in New York that carries a Wok," says Gerald). There's hardware, too, but nowadays it is the elegant, decorative kind.

As in Schlemmer's day, Gerald and his aides take pride in goods made for the store's own label—though it carries some brand merchandise. Wastebaskets embroidered especially for Hammacher, Schlemmer (at \$55), little hand-hooked rugs at \$100, hand-woven blankets from the Shetland Islands—items like these are the store's special joy.

Schlemmer invented some of the products he sold; he masterminded the martini mixer and the wooden valet stand. Gerald and his staff, too, take delight in devising items of their own, or in improving on the manufacturers' samples.

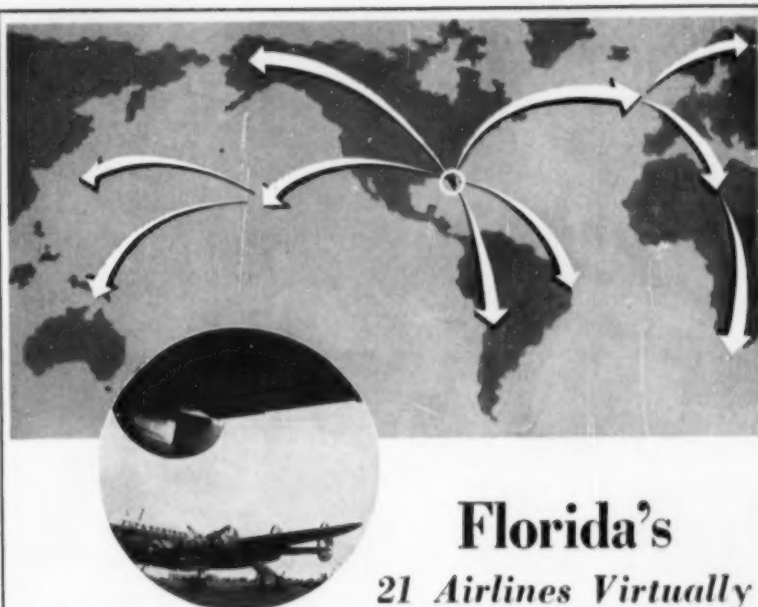
- **Stress on Service**—If the merchandise spells carriage trade, the service says it even more clearly. "Women yearn for service," Gerald believes. "I want every woman who comes into the store, even if she spends only a dollar, to feel that there's nothing we won't do for her."

So Gerald has added to the service departments. Besides the new interior decorating department, he has expanded the carpenter's shop so that his staff can do cabinet work in a customer's home. He has restored the repair shop that had been allowed to lapse. Customers can bring anything to it, no matter where they bought it. Sometimes it's a favorite knife with a broken handle, or a metal meridian that is minus its globe.

- **The Little Niceties**—Small graces all through the store aim to tell the customer he is important. Besides the doorman and the official greeter, Gerald has established six floaters, who have no fixed station. But Gerald says, "I want any salesclerk to go anywhere a customer asks her to."

In the old days, Hammacher, Schlemmer made a fetish of getting anything a customer wanted, whether the store carried it or not. Dominic Tampone, star salesman recently made a vice-president, recalls the maharajah who trustingly ordered a horse from Hammacher, Schlemmer—and got it—and the wealthy Brazilian who sent a mail order for an elevator to get his guests from his cliff house to the beach.

These days are back again—and Tampone is on the job. When the Duchess



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water resources, gentle climate, favorable tax structure, strategic situation for inter-continental marketing, ample manpower pool and low construction and maintenance costs. There you have a reliable picture that deserves serious consideration for new plants, plant relocation, branch offices and warehouses.

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FLORIDA

The Sunshine State



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These two controls make car air conditioners operate ideally. Other Detroit controls have been standard in the refrigeration industry for many years.

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REFRIGERATION • AIR CONDITIONING • DOMESTIC HEATING • AVIATION • TRANSPORTATION • HOME APPLIANCES • INDUSTRIAL USES

of Windsor wanted a pasteurizer, Tampone ordered it for her. The Duke wanted a greenhouse; Tampone got it.

In the mail order department, the same personal touch prevails. "Our Miss Susan Clay" handles this correspondence. She, too, is kept hopping with special requests: a Lucite cane, for example, for a woman who thought wooden ones didn't go with evening clothes.

• **Personal Attention**—Watching Gerald roam through his store is a good way to understand his idea of service. He gives the air of being a pleasantly solicitous host in his own home. If the doorman is ill, Gerald unobtrusively steps up to let a customer in. He stops a woman in the aisle to ask if he can help. "I wouldn't ask any employee to do anything I wouldn't do myself," he says—and proves it by straightening up a mussed-up display bed (picture, page 134).

In still another important respect Gerald is harking back to the old ways of retailing. He knows his store. "I know every piece of merchandise we carry, and I usually know its price," he says. Twice a week he inspects the merchandise as it comes to the receiving room. He wanders around the floors periodically.

"If a problem comes up with a customer, I want a salesgirl to say, 'You should meet our Mr. Gerald,' and I'll come right down," he says.

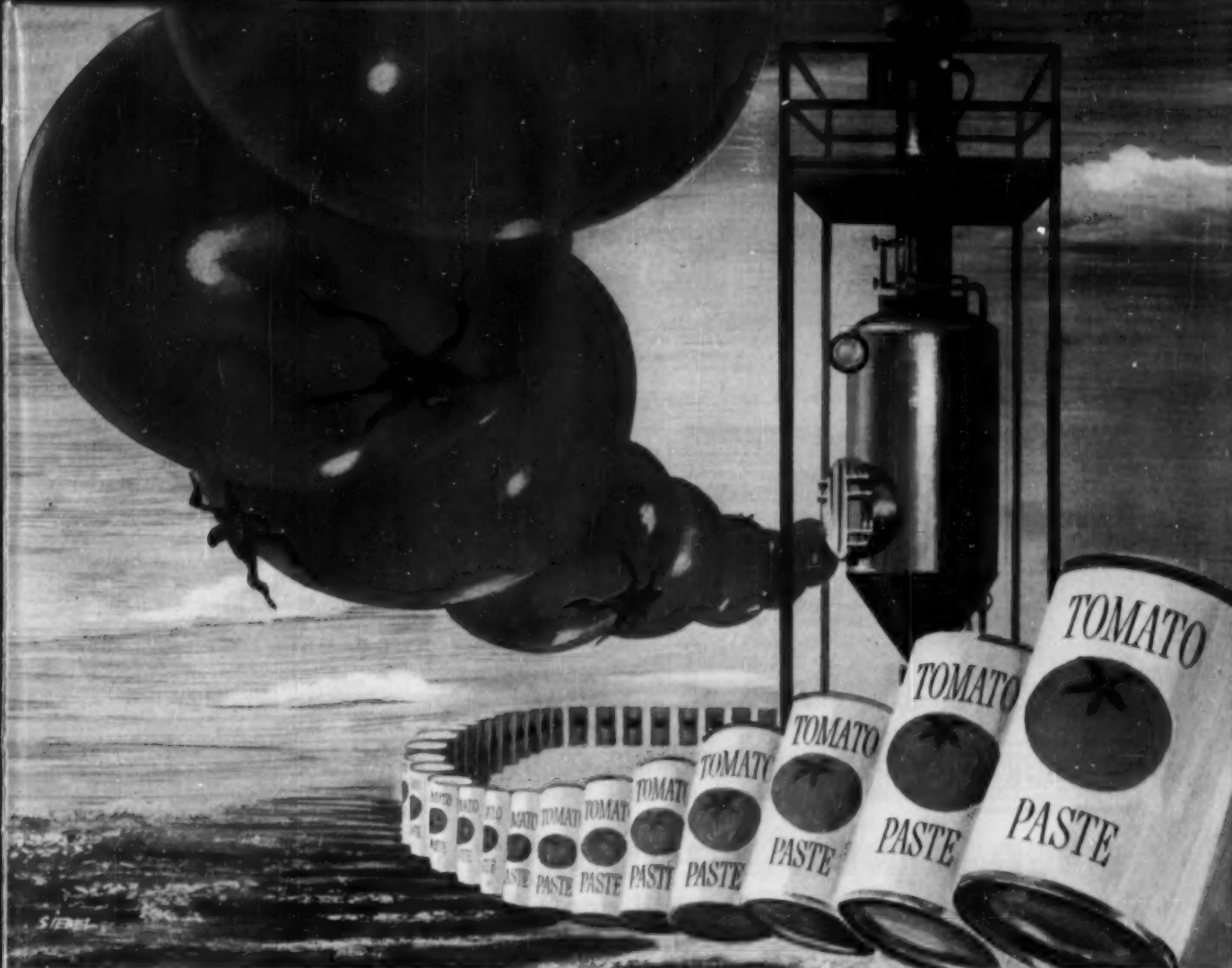
• **Big Small Decisions**—If an important new item or line is to come in, Gerald looks it over—and is quite likely to have some thoughts on how to improve it. A glass shrimp-dip dish had proved popular—but all too breakable in shipping. Why not the same dish in Lucite? Gerald asks. A manufacturer has a telephone stand to sell. Gerald approves—but it should have room for two phone books, not one.

He sits in on the final choice of articles to be featured in the catalog—which accounts for a sizable share of sales, though Gerald isn't saying just how much. He has a hand in all final decisions in the interior decorating department. He spotchecks all complaints that come in; when they are serious, he takes pains to answer them himself—and to see that wrongs are righted.

II. Something New

Gerald knows that the past hasn't all the answers. The most obvious change was the physical shakeup he gave the store's layout and decor. He made over the stodgy first floor, redecorated it, broke up the rigid German arrangement of counters. He added linen and antique furniture to the store's lines.

• **For Easier Living**—To accommodate his old customers' changed living pat-



to market...to market ...in high density form with original qualities retained

Concentration of heat-sensitive liquid materials . . . notably food products, certain chemicals and pharmaceuticals . . . heretofore, was chiefly a problem of holding of original product qualities. Too high temperature, or multiple passes through an evaporator, often destroyed the flavor, or color or some other property of the product.

To solve this problem Blaw-Knox engineers of the Bufflovak Equipment Division developed the revolutionary single-pass ROTO-VAK Concentrator. The material being

concentrated is exposed to low temperature or to an extremely short contact at higher temperatures. Densities are increased over 80% . . . in some instances, doubled . . . production speeded up . . . and original product qualities are retained.

Here is another example of Blaw-Knox engineering achievements to help improve products, increase productivity, lower costs, save time. The list below is indicative of the broad scope of Blaw-Knox activities.



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1201 Blaw-Knox Building, 300 Sixth Avenue, Pittsburgh 22, Pa.

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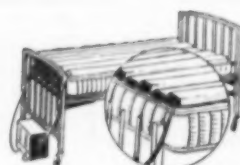
Name _____ Company _____
Address _____ City & State _____



(2) At destination,
trailer-train is unloaded
and —



(3) Palletized loads
are stacked to ceiling
height.



A surgeon came to Rand with the serious problem of immobile patients' bedsores. Result — The Alternating Pressure Point Pad, now in use in hundreds of hospitals, bringing relief to thousands of bed-ridden patients.

terns, Gerald puts heavy stress on goods that make for "easy living." Gone are the cooks, he says, so we sell a lot of cookbooks. He wants products that are not only distinctive but useful: a waste basket with a disposable lining, a luggage bag that fits over a suitcase handle.

"This is real Hammacher, Schlemmer," he'll say—perhaps of a German knife that is screw driver, can opener, fish scaler, and flashlight all in one. "We don't want to be nifty-gifty," he explains.

To make clear the need for the changes, he tells of a wealthy woman who came in recently to buy a tray. Did she want silver? No, thank you, she wanted something she didn't have to polish. Hammacher, Schlemmer had it: a tray of stainless steel. It is significant, too, that the "never-out list" (which the store must keep stocked) includes such humble items as dish mops, furniture polish, paper napkins.

• **Matter of Taste**—What works for the clients of long standing will appear to the new market, too, Gerald is convinced. He has "unbounded faith in the average homemaker and her taste," regardless of her income bracket. Manufacturers and retailers tend to under-rate her, give her inferior quality and styling, he feels.

The new money often has less assurance than the old carriage trade. That's where services such as the interior decorating department can help—and where the prestige of the store's name gives confidence.

Pricing, in fact, is not a paramount matter in Gerald's book. "I don't want just the best coffee maker for \$50," he says. "I also want a coffee maker for the woman who pays \$3.50. But it must be the best possible at that price."

III. Old Problems

In a sense, Gerald is walking the same tightrope that other carriage trade merchants are walking. There is always the risk that a bid for the new market will offend the old. There's no doubt that the run-of-the-mill Hammacher, Schlemmer customer is special.

Tampone tells of the woman who called to order an item by phone. He told her the store was going to have a sale the next day. "Thank you for telling me," she said. "I'll stay away."

With that kind of thinking among customers, it is easy to see why Gerald quickly dropped the bargain-sale kind of promotion when he moved in. "I will not run an ad that says, 'Hurry, run, rush, get our special with a free attachment,'" he says.

• **Prices and People**—Since its customers don't cry for bargain sales, the store doesn't have to mark down so many items during the year. That improves its average margin for overhead and

profit. But it also means that the price and the merchandise must be right in the first place.

This is one reason that new merchandise gets such a careful going-over. Such an operation, too, puts a premium on new ideas, exclusive new products.

By far the biggest headache, though, is one that Gerald shares with other retailers: to get employees to give the caliber of service he wants. For many Hammacher, Schlemmer veterans, this comes as naturally as breathing. But newcomers to retailing haven't lived through the hard-sell days. Because he expects more of his help, Gerald pays better than average wages. Most of his sales clerks average over \$50 a week (in many stores their pay starts at \$38). Despite all this, the problem persists.

IV. Old Loves

If Gerald succeeds in his new venture, it seems likely that his own enthusiasm will be a major factor. Gardening and fishing are his hobbies, but "my work is my pleasure," he says.

He was born and educated in South Carolina. His first jobs were interior decorating work for family friends. Three years' study in Europe brought him an acquaintance with famous homes in Europe; five years in Canada gave him decorating jobs there.

• **Breaking In**—His first retailing experience was with W. & J. Sloane. In 1936, he moved to B. Altman, built up the interior decorating department there. After 12 years, he branched off, and, as John Gerald Associates, did both interior decorating and merchandising consulting—for such clients as James Lees & Sons Co., Kittinger Furniture Co., and Waite Carpet Co.

With Katharine Kinnane, one of his associates, he was consultant to the Planning Board of Henry Ford Museum and Greenfield Village of Dearborn, Mich.

Hammacher, Schlemmer appealed to him because he had loved the store as a boy, and he had a "healthy respect" for its name and clientele. It was just the right size: small enough for the personal operation he enjoys, big enough to have real buying power. With a group of investors—and a substantial sum of his own money—he took over.

• **Out of the Red**—The high cost of the first year cut into profits in 1955. But the company was in the black in December, and by next fall "we'll be rolling," Gerald says.

Once the New York store gets its feet firmly under it, Gerald plans other Hammacher, Schlemmers. He feels he could handle perhaps a \$5-million operation in his present shop without losing its flavor. After that, the West Coast, Chicago, maybe Dallas and Kansas City are possibilities. **END**

BUSINESS WEEK • Apr. 28, 1956



"Joy Air"

for the new
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TV's Troubles Get Airing

Broadcasters beam at their Chicago convention, but their grins don't mask video operators' interesting and pressing array of problems.

On the surface, it was all high spirits in Chicago last week at the 34th annual convention of the National Assn. of Radio & TV Broadcasters. A record 2,500 members turned up, their beaming faces reflecting the over-all prosperity of their industry, which reaped \$1.5-billion last year.

But underneath the high spirits was their awareness that their business faces an unprecedented array of problems. There's the crescendo of attacks from outside critics. There are the Congressional investigations of broadcasting that are now in progress and pending. There are the threats of closer government regulation. And there are the mounting, disruptive pressures inside the industry itself.

For its convention agenda, the industry presented a united front. Speaker after speaker got up to answer charges about "bait" advertising and poor programs, to warn of the dangers of government regulation, and to stress the need for fresh emphasis on industry responsibility and public service.

• **Skeletons in Closet**—The industry's own controversial family problems were gingerly handled. The two most critical issues facing TV—network-station relations and channel allocations—were only sketchily dealt with. The convention didn't come to grips with the problem of the economic plight of Ultra High Frequency TV stations because, as one NARTB staff member put it, "It's not the right time to talk about that."

Beneath the surface, all these problems are worrying the broadcasters. The networks are frankly disturbed by charges that some of their practices are monopolistic and they are busy cementing relations with their affiliates. Before the convention got under way, 169 Columbia Broadcasting System affiliates met in closed session and unanimously passed a resolution supporting the network conception of broadcasting. Next day, American Broadcasting Co. affiliates took similar action. Both groups are planning to send representatives to testify before the coming Senate Commerce Committee hearings on network operations.

• **Answering an Independent**—Their action was, clearly, in part a response to the dramatic testimony that Richard A. Moore, president of KKTU, Los Angeles, recently gave to the Commerce Committee. In one of the most thorough-going critiques of network practices to date, Moore proposed that the

Federal Communications Commission abolish option-time and "must buy" arrangements, which, he said are in violation of antitrust laws.

(Option time, simply, is the nine hours in the broadcast day that the network may require its affiliates to devote to network programs; "must buy" stations are the selected group of affiliates on which an advertiser must buy time if he wishes to advertise at all over the network.)

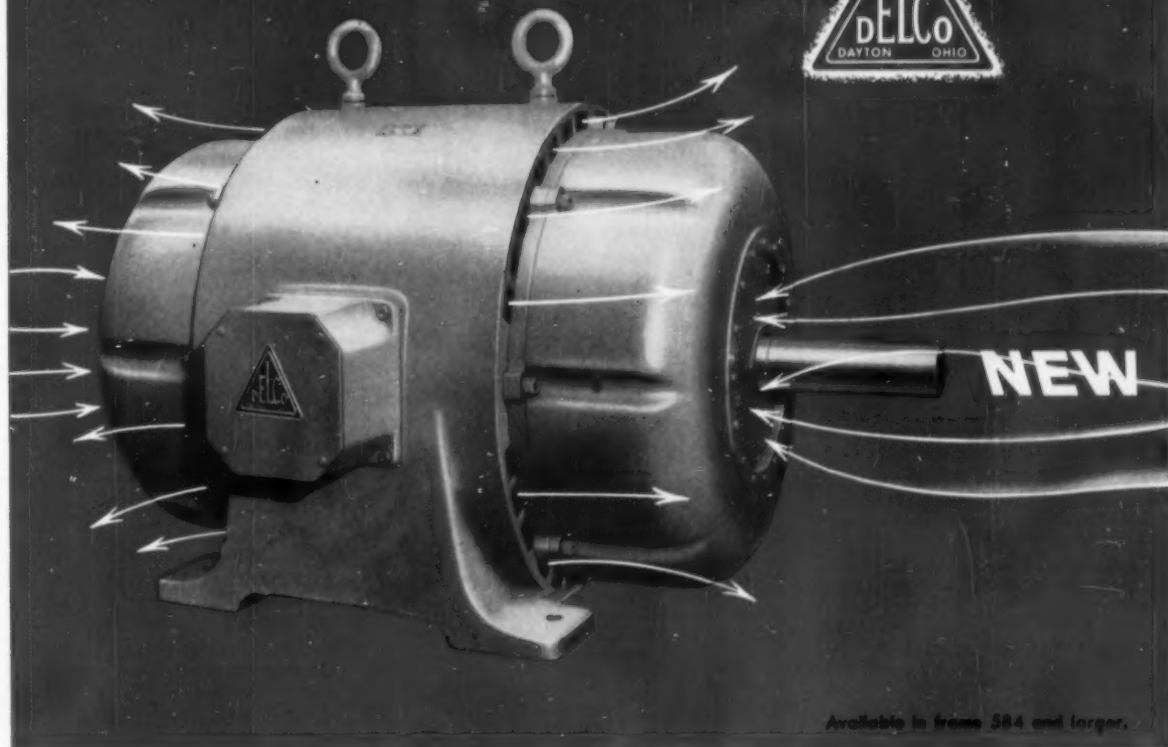
Three weeks after Moore's appearance, the committee mailed out a lengthy questionnaire to all network affiliates, asking searching questions about their business dealings with the networks. This was a clear attempt to determine the degree of control networks exercise over their affiliates.

And when the convention came around last week, Robert E. Kintner, president of ABC, was ready with a defense of network practices. He voiced the familiar network argument: that the ills of the industry stem from the station allocation problem.

• **Question of Space**—Like many other observers, he believes that the cure of most of TV's problems lies in the present shortage of TV stations—a shortage caused chiefly by the failure of UHF, with its 70 available channels, to develop along with VHF, which has only 12 available channels. Kintner asserted that the charge of monopoly, when applied to markets that have only one or two stations, has "real meaning." (It is generally believed that the growth of his own ABC has been hindered by the station shortage.) He criticized FCC and Congress for the lack of stations, called the shortage "an artificial, government-created scarcity," and blamed it on "government inaction." He believes FCC should give "full competition" at least to the country's 100 top markets.

FCC Chmn. George C. McConaughy outlined to the convention his views on the shortage of TV stations. He threw out once and for all the possibility of putting all stations on the UHF band, an idea few seriously thought would be adopted. His answer consists of finding a way—which he left unspecified—to keep the 100-odd UHF stations now in operation going until the technical problems of the UHF band are licked. To do this, McConaughy wants the broadcasting industry itself to set up a private research foundation to rush through a "crash

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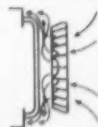
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"—it's that new Credit Manager of yours?"



The Credit Manager gets a bouquet

"Bill, I'll only take a minute!" The Sales Manager sounded even more urgent than usual.

"Sure thing, Jack, come in and sit down." The Treasurer took off his glasses and regarded his visitor across the desk. "What's your worry this morning?" he asked.

"Worried? Who says I'm worried? I'm happy! Look—" and the Sales Manager emphasized the word with a forefinger stabbed at the desk top, "—it's that new Credit Manager of yours! Well, he's not so new, any more, but you know what I mean: he's no old timer!"

"Now, Jack, if you're going to hold that against him—" the Treasurer began, but his gentle voice had never been a match for the other's rush of words.

"Hold it against him? Bill, I'm not holding anything against that fellow! I came to praise Caesar, not to bury him—or whatever the man said. You know! Bill—" and the Sales Manager's voice took on a note of anguish at having been so misunderstood, "—I think he's done a terrific job! Above and beyond the call of duty, or however the saying goes! Why, Bill—" and his voice dropped the note of anguish to take on a confidential tone, "—do you know how much of our sales increase we owe to him?"

The Treasurer put his glasses back on and literally stared at the other. In his utter amazement, he was incapable of answering the other's rhetorical question. But there was no need. The Sales Manager swept right on.

"Only a few days ago, he came to me and told me we weren't selling Apex Corporation hard enough! Imagine! The Sales Manager grinned fondly at his own recollection. "Your Credit Manager telling me we're not selling an account hard enough! I nearly threw him out of my office, but darned if he didn't prove it to me! And this morning—" the Sales Manager stabbed the desk top again, "—we sold Apex our biggest order!"

"Congratulations!" the Treasurer's tone of voice was mild.

"Thanks!" said the Sales Manager. He got up briskly. "Well, I just wanted you to know the best thing this company has done in years was to make the Credit Manager's job more important and bring in a really good man to fill it. Since he persuaded us to insure our accounts receivable with American Credit Indemnity, we've penetrated areas we hadn't touched before!" The Sales Manager became enthusiastic all over again. "Why, we've been able to project our Sales plans a full year ahead!" he cried. "And—since a few days ago—we've begun selling our established accounts harder than ever! Well—see you later!"

The Treasurer took his glasses off again and smiled. "I'll tell the young man what you've said."

"No need!" the other said from the doorway. "I'm taking him to lunch and telling him myself!" And he was gone as urgently as he had come.

• • •

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program" of intensive study on the problems.

• **Goal for a Plan**—The FCC is unquestionably on the spot, and will concentrate on finding a way to relieve the station shortage. A source close to FCC said privately at Chicago that the commission expects to come up with a new channel allocation plan by June 1. It will try to prevent more UHF stations from going out of business and probably will direct its efforts to giving the top 100 markets three or more stations, all of them either VHF or UHF.

Action like this will meet some of the demands of the UHF station operators. The Committee for Competitive TV, representing at present 43 UHF stations, met just before the convention, and its Pres. John G. Johnson, of Winston-Salem, N. C., said it seeks only to have FCC examine all evidence and make a decision by June. Publicly, it isn't promoting any special plan. But it has been hard at work in Washington lining up congressmen on its side. This work has already borne fruit in two recent resolutions, signed by four senators and 28 representatives, urging the FCC to act quickly on an allocation plan. And the CCT will lead off testimony at Rep. Emanuel Celler's (D-N. Y.) anti-trust subcommittee investigation of the FCC late this month.

Chmn. McConaughy told the convention that these Congressional investigations reflected "dissatisfaction among certain segments of the industry, rather than among people in general."

• **Growing Power**—One of the biggest of these "certain segments" is made up of TV film syndicators. As suppliers of program material, competing with networks, syndicators resent network control over broadcast time. This year, for the first time, they had a place on the convention program. Michael Sillerman, executive vice-president of Television Pictures of America, pointed out that last year over 50% of all TV programming was on film.

• **Public's Views**—Broadcasters took stock of what Harold E. Fellows, NARTB president and board chairman, called in his annual report, "the mounting tide of criticism that seems to have attained the proportions of a great wave sweeping over the industry." The wave started rolling last March when Lowell B. Mason, a member of the Federal Trade Commission, attacked TV's "parlor hucksterism." He hinted at possible government regulation. More rumbles of dissatisfaction followed.

Broadcasters admitted the justice of some of the criticism. But they insisted it applies to only a minute part of their industry. They will try to avoid possible government regulation by regulating themselves through the TV code and by making the public and Congress more aware of their efforts. **END**

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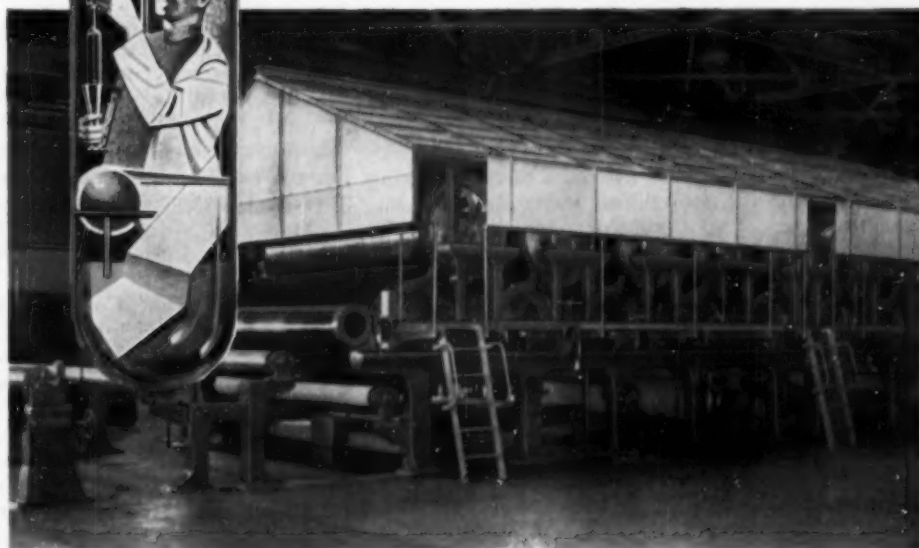
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In Marketing

• • •

Price Cutters Get a Third of Market Survey on Appliance Buying Shows

How much of the appliance business do discount houses—and discount selling—account for? Selling Research, Inc., New York consulting firm, has some answers. It asked some 1,500 housewives, who in the last two years had bought about 7,200 appliances in 55 cities, where they got their appliances and whether they paid list price or not. **If the women told the truth, they bought an even third of the appliances at discount, from all sources.**

This confirms—if confirmation is needed—that discount selling is big business. Actually, the figures probably understate the pricecutters' strength. The survey did not include New York or Chicago, both big discount centers. Also, the results were tabulated by number of purchases rather than dollar volume. It's the big-ticket items that have strongest discount appeal.

This comes out in the survey. Discount buying showed up most strongly on such items as air conditioners, dishwashers, floor polishers, electric ranges, refrigerators, and the like; in these goods, it accounted for anywhere from 42% to 53% of the total such items purchased. But there are some puzzling exceptions. In TV sets, only 29% were bought at cut prices; in washing machines, only 31%.

Among all sources, appliance stores rated tops; they accounted for 38% of all purchases, whether at discount or list. Department stores ran second, with 30%; discount houses, at 13%, were a poor third.

• • •

Business Gets Another Yardstick To Measure the Upcoming Market

Marketing men and economists now have to cope with two surveys of consumer buying intentions rather than just the one they have been familiar with—the series produced by the Survey Research Center of the University of Michigan.

This week *Look* magazine released a survey of buying intentions made for it by Alfred Politz Research, Inc. The survey, based on a probability sampling of 4,772 households in February, includes: data on financial expectations over the next 12 months; buying intentions regarding houses, cars, and major appliances, together with recent purchases of these goods; travel intentions.

The Look-Politz survey, called Survey of U. S. Markets, 1956, finds that 10.1% of households plan to buy cars within the next 12 months and that 30.3% plan home improvements. Projected to the national market, this means that 4.5-million U.S. households plan to buy houses, 4.9-million cars, 8.7-million major appliances. And 14.7-million plan home improvements.

In general, the Politz survey shows an even more opti-

mistic picture than did the last Michigan survey, made in January and February, for the Federal Reserve Board (BW-Mar.17'56,p32). The FRB survey, for example, showed 8.2% of 2,800 buying units planning car purchases against Politz's 10.1% and 22.6% planning home improvements against Politz's 30.3%. Several factors help to explain these discrepancies:

- The Politz survey was taken at a later period, when consumer confidence may have turned up.

- The Politz survey asked about intentions over the next 12 months while FRB confined itself to the remainder of the year.

- The way the questions were asked differed here and there. For instance, FRB included home improvements of \$50 or more, while Politz set no dollar value.

Look intends putting its survey on "a regular basis."

• • •

Company Seeks Public Financing To Develop New Shopping Centers

Shopping centers continued to burgeon—but they hit some snags, too. American Shopping Centers, Inc., a brand-new concern whose purpose is to buy up and develop shopping centers, is seeking a solution through public financing. President of the concern is Donald H. Shanedling, Minneapolis real estate man.

Next month the new company will acquire the assets of 13 shopping centers already in operation, which Shanedling developed. Most of them are in Minnesota, Wisconsin, and Illinois, though they go as far afield as Florida. It plans to build four more centers this year, five in 1957.

To finance the project, Shanedling and his associates are putting in \$6-million of their own. Another \$6-million will come from public sale of debentures and common stock, to be sold through Carl M. Loeb, Rhoades & Co. Shanedling will retain control, with some 42% of total shares.

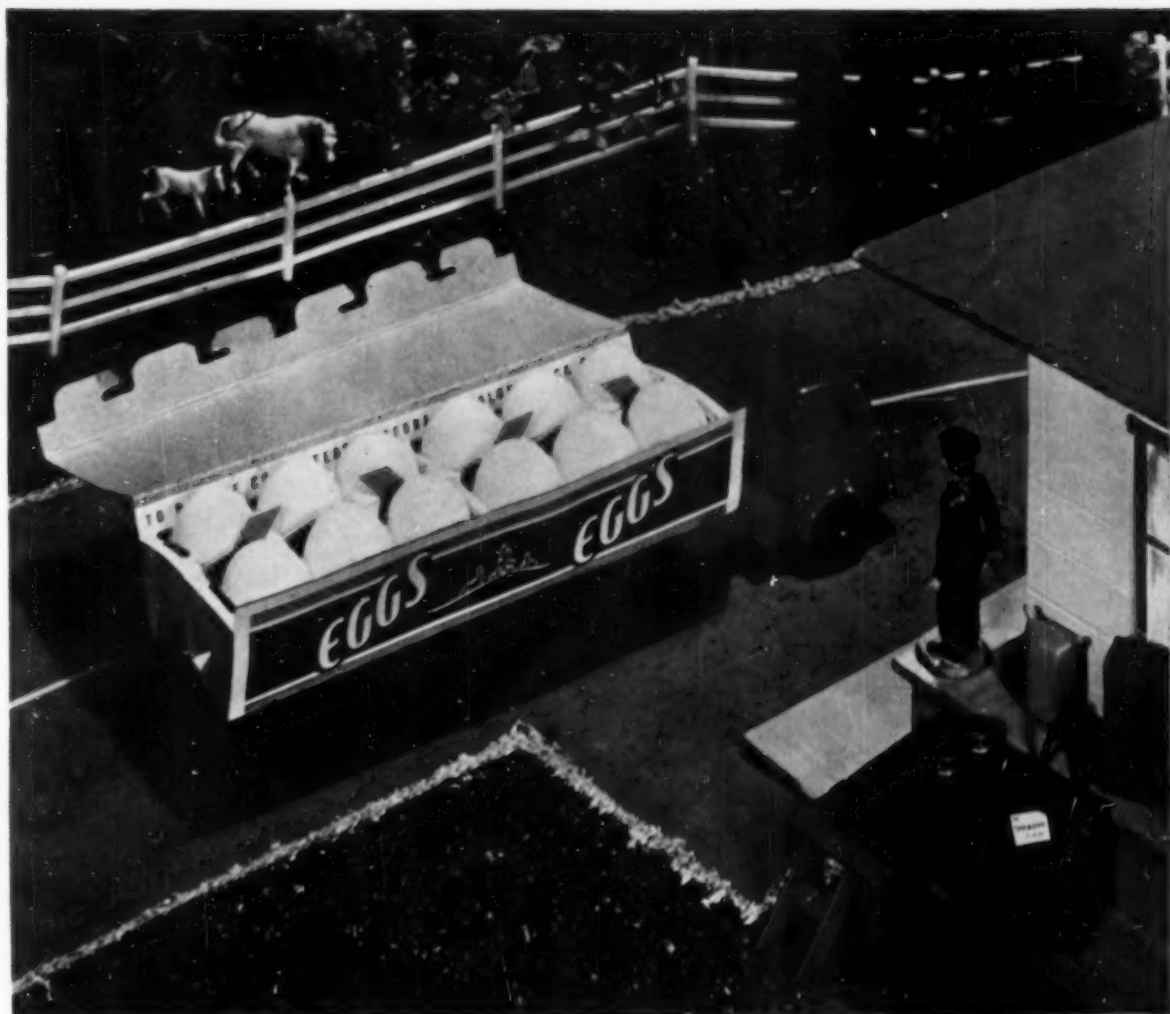
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Marketing Briefs

The Oregon "fair trade" law has been ruled unconstitutional by the state's supreme court. Nonsigners of resale price maintenance contracts do not have to sell at prices set by manufacturers, the court ruled in upholding a circuit court verdict against General Electric last year. The grounds: Fair trade is (1) in violation of the due process provisions of federal and state constitutions, and (2) is an unlawful delegation of legislative power.

Falstaff Brewing Corp. has bought another brewery, its second acquisition in the last few months. Its newest purchase is Harry Mitchell Brewing Co. in El Paso. Falstaff now has an annual capacity of 4.6-million bbl.

Hawaiian Pineapple Co. plans to enter the market this year with a full line of canned fruits and vegetables, supplementing its "Dole" brand pineapple products. The decision to diversify was taken to end the firm's dependence on only one product.



This is one way of explaining a totally new concept in trailer design

Probably no other container more neatly accommodates its contents than an egg carton. It's a practical size, and holds a practical number of eggs snugly and safely. It does so because it's a custom designed package—designed specifically to carry eggs.

On a much larger scale Trailmobile is making custom design available in truck trailers. We call it CID*—mean-

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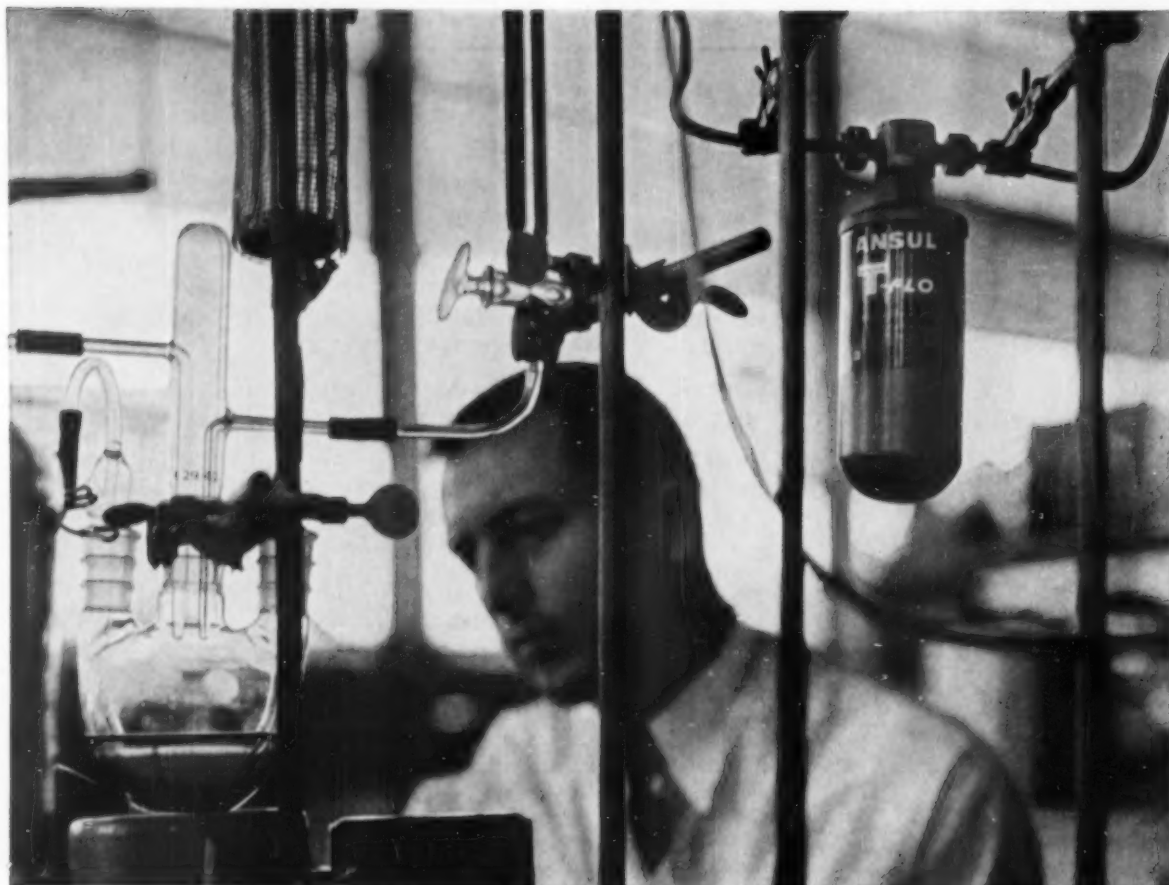
CID brings to highway carriers the cost saving advantage of trailer designs that closely match individual hauling needs. And it does this at low cost because CID combines all important interchangeability with custom design. In fact, the concept of CID is simplicity itself. When you specify a Trailmobile CID trailer, you simply

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In these competitive times, when you need to realize every penny of revenue from your operation—is there any wiser way to buy trailers?

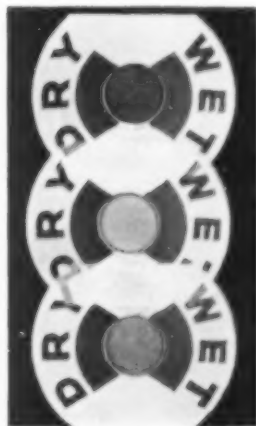
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Ansul's new Moisture Control System is shown at upper right undergoing laboratory testing

New Ansul "Dry-Eye" Cuts Repair Costs for Owners of Refrigeration and Air Conditioning



The Dry-Eye indicator on the Moisture Control System shown in top photo, is changing from blue to pink indicating moisture has entered the refrigerant.

The color change taking place in the window pictured at the left signals the end of thousands of dollars in repair costs for owners of refrigeration and air conditioning equipment.

The color in the Dry-Eye fitting, a part of Ansul's new Moisture Control System, is actually telling the viewer that moisture has entered the system and if not removed will show up in repair bills in the months to come. Now, any employee working near your refrigeration or air conditioning equipment can spot moisture before it causes trouble. A glance at the Dry-Eye window tells instantly if professional service is needed to correct a moisture condition.

Your refrigeration service department or your service contractor can obtain the new Ansul Moisture Control System with the Dry-Eye from your local Refrigeration Wholesaler.

Ansul is a company staffed to solve problems of this kind—problems that are *chemical* and *mechanical* in nature. At Ansul you will find the chemist and the mechanical engineer working side by side on a common problem, each bringing to bear his own special talent to arrive at a single, practical solution. **ANSUL CHEMICAL COMPANY**, Marinette, Wis. *Ansul, pioneer manufacturer of Fire Equipment, Refrigerants and Mechanical Refrigeration Products, Industrial and Fine Organic Chemicals.*



ANSUL

INTERNATIONAL OUTLOOK

BUSINESS WEEK

APR. 28, 1956



The U. S. is reshaping its world strategy in answer to the new Communist program expounded at the 20th Congress of the Communist Party of the U.S.S.R. in Moscow last February.

That's the import of the speeches of Pres. Eisenhower last week and Secy. Dulles' policy statements this week (page 30).

This shift is the result of a series of searching studies by Washington's Soviet experts since the party congress. This is the consensus among State Dept., Pentagon, and Central Intelligence Agency planners:

- Stalin's successors are pursuing the same objective of world power as the former Russian dictator—but with different tactics.
- The new Soviet threat is grave. If it is not effectively countered, it could lead to control by Moscow over all South Asia and, eventually, Western Europe.

U. S. policymakers are ready to do anything in our economic and political power to counteract the new Russian moves.

But it obviously will take time to shape a new strategy in concrete terms. It took about a year to translate Secy. of State Marshall's Harvard speech in 1947 into the Marshall Plan.

The lag this time won't be shorter, because Washington feels it can only take the initiative in a broad general way.

Dulles has called for an expansion of NATO's unused economic and political foundations. But that broadening will have to be a collective effort of the whole Atlantic Community of nations.

The first moves in this joint effort are likely to come at next week's meeting of the NATO Council in Paris. It will give Dulles a chance to sound out European thought. Several West European statesmen—Italy's Pres. Gronchi, France's Premier Mollet, Belgium's Spaak—and Canada's Minister of External Affairs Pearson have already gone on record as favoring just this kind of change in NATO.

While these discussions set in motion new thinking in Atlantic Community problems, Washington will be elaborating a recent shift in emphasis in Asian policy. Its main theme: (1) support of absolute sovereignty of South Asian nations; and (2) a corollary, economic aid without strings.

Washington will get a chance soon to formulate new approaches to the whole Afro-Asian bloc of uncommitted nations where the Russians have recently had such propaganda successes. In mid-May Pres. Soekarno of Indonesia is expected to arrive for a state visit to Washington. He will be followed in July by Prime Minister Nehru of India.

Washington is encouraged by reactions in London to the visit of Soviet Communist boss Khrushchev and Premier Bulganin. The Russian visitors have not repeated the successes they had in South Asia. When they left London after a 10-day stay.

Khrushchev and Bulganin did not succeed in budging Britain one inch away from the Anglo-American alliance. Prime Minister Eden refused

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

APR. 28, 1956

the Russians any concessions on shipment of strategic goods to the Soviet bloc—despite tempting offers of Russian trade and hints of gold credits.

Eden's firmness was prompted by the Kremlin leaders' refusal to give on the issues that the West considers most vital: guarantees of European security and German reunification.

But the Russians did do a lot of talking:

Discussions on disarmament shifted back and forth. Khrushchev had a long talk with Pres. Eisenhower's special adviser on disarmament, Harold Stassen. But this seems to have been merely a diplomatic maneuver by Khrushchev to offset the effects of his earlier public denunciation of Eisenhower's "open-skies" proposal. No real break in the present disarmament deadlock seems likely.

On the Middle East, the Russians hinted at a possible deal: If London would abandon the anti-Russian aspects of the Baghdad Pact, Moscow would be ready to talk business about British interests in the Arab world. The Foreign Office considers any such reversal of London's policy unthinkable. On the other hand, the Russians flatly refused to buy a British proposal for an arms embargo by both East and West against all the Middle East nations.

Out of all this haggling, the British believe they have learned some fundamentals about present Soviet policy.

- The Khrushchev-Bulganin basic position hasn't changed since the Geneva conference last summer. But some softening might develop in further "summit-type" meetings. The Russians would like to continue this sort of diplomacy. That's what Khrushchev meant when he hinted he would like to come to Washington.

- The Russians still seem to want Western capital goods badly, despite Khrushchev's boasts about Soviet technological developments, including intercontinental missiles.

- The Soviet leaders are aware that they pushed the Middle East crisis too far. But they want the tension in the area to continue, short of a full-scale war.

—•—

In the Middle East itself this week, Moscow was losing ground. The Kremlin's announcement that it will cooperate in the U.N. to prevent an Israeli-Arab war is being taken by Arab nationalists as a double-cross.

At the same time, the U.S.-backed mission of U.N. Secy, Gen. Hammarskjold has succeeded in extending the new Egyptian-Israeli ceasefire to Syria, Lebanon, and Jordan.

But there is little hope that a long-term settlement is in the cards.

Nasser considers last week's adherence of the U.S. to the economic and the anti-subversion committees of the Baghdad Pact as Washington's entry into the alliance "by the back door."

Still, the U.S. is hoping to cash in on the Arabs' new disenchantment with the Russians. Washington has told Nasser it will try to persuade Britain to freeze the Baghdad Pact, not to press for the entry of more Arab countries. That might soften Nasser's anti-Western diplomacy.

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WHEN Radio Materials Corporation of Chicago, manufacturers of electronic components, added a new plant 135 miles away in Attica, Ind., it solved an expansion problem but ran into a transportation problem.

Executives shuttling between the two facilities were losing valuable working hours enroute. Road travel meant a three or four hour trip and even when using the company's fixed wing airplane, the two hours by auto between plants and airports couldn't be overcome.

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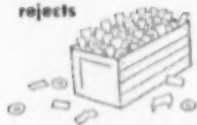


Instrumentation can

INSTRUMENTATION PERMITS USE OF BYPRODUCT FUEL, PAYS FOR ITSELF IN SLIGHTLY OVER ONE YEAR.

Application of a Honeywell control system to open hearth furnaces enabled the Alan Wood Steel Company, Conshohocken, Pa., to save almost the initial cost in the first year of the system's operation. The control system mixes byproduct coke oven gas with base fuel—oil or tar—automatically using as much of the gas as is available, and proportioning the proper amount of base fuel to provide required total Btu input. In addition, the control system assures most efficient combustion by regulating fuel-air ratio. Operation is completely automatic . . . provides a continuous and totaled record of fuel flow. So successful was the first installation that Alan Wood installed additional Honeywell control systems for its other open hearth furnaces.

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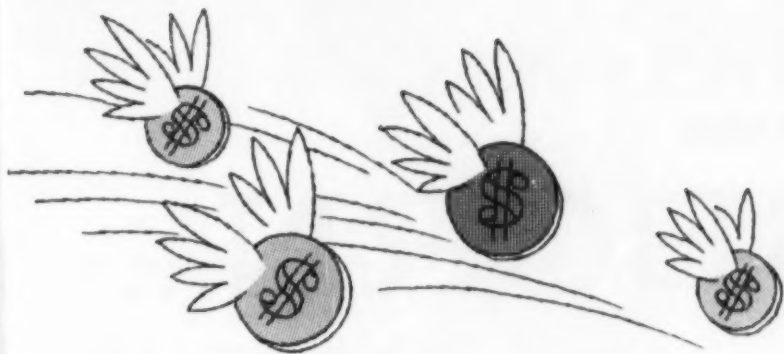


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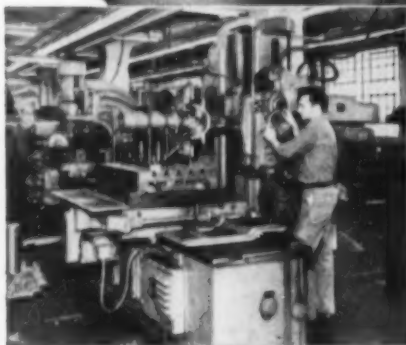
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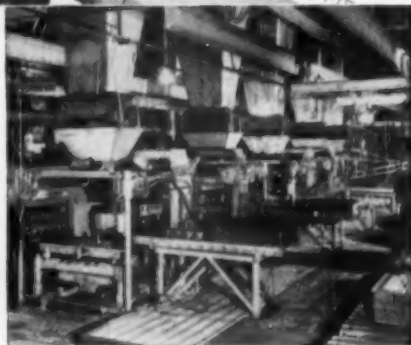
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Preview of Labor's Election Role

● Labor lets political rivals help it pick issues that will be pressed during the coming campaign.

● Unionists will harp on "big business" influence in the Administration, press for Taft-Hartley repeal.

● Layoffs in the auto industry may put UAW in center of labor's political drive.

A major task for pro-Democratic union leaders in the coming election campaign is drawing up a list of issues that their members will rally behind. They must succeed in raising counter issues to the Administration's record of high wages and employment.

This week organized labor launched its 1956 political efforts with that task in mind. The scene was a United Auto Workers rally in Washington. The union invited three leading Democrats including two Presidential aspirants, and a couple of conservative Republican senators to address an assembly of 3,000 delegates.

Under a billing of a typical "town meeting," Democratic Senators Estes Kefauver of Tennessee and Hubert Humphrey of Minnesota debated with Republican Senators William Knowland of California and Carl Curtis of Nebraska. The two pairs of senators are about as far apart in labor philosophy as imaginable, and it came as no surprise that they disagreed sharply on repeal of Taft-Hartley, "right to work" laws, taxes, and just about every other subject discussed.

The next day, Adlai Stevenson, Kefauver's rival for the Democratic Presidential nomination, took the rostrum and further emphasized the difference in thinking by Democrats and Republicans in regard to labor.

• **Preview**—When the conference was over, the public had a good preview of the issues union officials will hammer away at when they hit the campaign trail in the months ahead.

Just how far they can ride on these issues won't be known until Election Day. It's debatable whether labor can make too much political capital out of the conservative views of Knowland and Curtis in the face of conflicting and more liberal stands taken by other Republicans.

• **Polite Atmosphere**—But the meeting itself was something unusual. Probably no union group had ever been advised so flatly by a politician that he favored the Taft-Hartley Act and state control over union security. Knowland himself noted that in his 11 years as a senator,

he had never before been invited to such a gathering and that the only time he heard from UAW was when the union announced its endorsement of his opponent. What must have been surprising to the Republican senators, as well as the delegates, was the good-natured attitude on both sides.

The convention didn't get off to a completely friendly start. When Curtis opened his remarks with a crack that he hadn't seen much of traveling candidate Kefauver in the Senate, the delegates let loose with boos and catcalls. But UAW conference chairman, Leonard Woodcock, cut the outburst short by reminding the delegates to respect opinions "you don't like."

After that, the only displays were cheering and applause for remarks made by Stevenson, Humphrey, and Kefauver. The reception received by the Republicans was noticeably less enthusiastic.

• **Republican Stand**—Knowland and Curtis made no effort to assuage the delegates. Both stated their own opinions on labor and social welfare legislation—without pointing out that other party members might be closer to labor's viewpoint.

But they stood on the Administration record on such matters as wages, employment, taxes, foreign policy. And both senators made a point of reminding the auto workers of the privacy of the voting booth.

• **Issues Raised by Democrats**—The three Democrats outlined the issues that Reuther and other union leaders will press in their political programs. They are not new, but the attacks on Republican policy are going to be sharper from now on.

These will be the big issues that labor officials will harp on:

• "Big business" influence in the Administration.

• Repeal of Taft-Hartley.

• Revamping of National Labor Relations Board's membership.

Labor also will play up the troubles of the farmers and their mutual interest with labor, the need for control of automation through new jobs and a shorter work week.

The principal promise held out to labor by both Democratic Presidential aspirants is a place for organized labor in a Democratic Administration. Stevenson won cheers with this remark: "Who from organized labor speaks at this cabinet meeting now? There have been sitting at this cabinet table three men from one corporation—and no one from the 16-million membership of the AFL-CIO."

• **Side Contest**—The open contest at the UAW conference was between Democrats and Republicans. But the reception given to Kefauver and Stevenson also generated interest. A recording of the applause accorded the two men by the delegates probably would result in a standoff. And certainly there was little difference in the political programs for labor advanced by the two candidates.

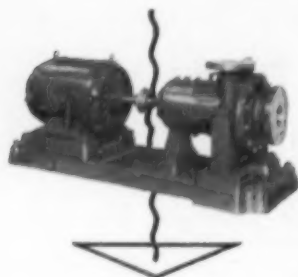
There also was an opportunity for a display of the reported acrimony between Kefauver and Humphrey that developed after the Tennessee senator's successful primary in Humphrey's own state, in which Kefauver attacked Minnesota political bosses. But no harsh words ensued when Humphrey noted that Kefauver had been absent from the Senate except for final votes and when Kefauver lightly described Humphrey's free-swinging attack on the GOP as "delightful."

The conference was a Democratic show, and Democrats weren't playing up divisions in their own ranks.

• **Auto Layoffs**—This sally into politics by the auto workers may be more than just a preview of the campaign approach to be made by organized labor. The union may remain in the center of the political fireworks right up until Election Day as it challenges the Administration on the issue of employment.

At present, the auto union estimates that 110,000 of its members are unemployed as a result of a cutback in auto production. Further auto layoffs are anticipated this summer when retooling for new models gets under way. And UAW officials foresee a recurrence of the situation that prevailed in 1954 when unemployment rose close to 200,000 just before the elections.

Probably a direct result of the 1954 situation was the defeat that year of Michigan's Republican Sen. Ferguson and the election of UAW-supported Pat McNamara, a Democrat. In that contest, the auto layoffs primarily were a state issue. But if the same situation occurs this time, UAW will be out to make a national issue of it. **END**



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... on employee welfare funds get boost from New York's new law, but federal control may be less strong.

State control over employee welfare funds has moved a long step forward now that New York has enacted a law regulating the operations of the funds. New York is only the second state to enact such legislation, but its law is significant in this almost untouched field because by common estimate more welfare funds flourish in New York than in any other state.

The pioneer in the field was the state of Washington. Last year, it required the trustees of welfare funds to file details of the funds with its commissioner of insurance. Its law set no rules or standards for the conduct of the funds, and it didn't cover welfare funds subject to inspection by bank examiners. But in legislative terms it was a beginning of what is obviously going to be an extensive and long-term undertaking: covering by statute a relatively new institution that was created by collective bargaining.

Now, after three years of investigation, political controversy, and mounting demands for action, New York has followed Washington's lead with a regulatory law.

• **Republicans' Scheme**—The New York law goes much farther than Washington's. But it doesn't go nearly far enough for Gov. Harriman and the Democrats in Albany. They sought a broader law, but to get any legislation at all this year, they had to accept a Republican bill that will:

- Require registration of every collectively bargained, jointly administered employee welfare fund in the state. Union-operated funds created by collective bargaining will also be covered. The form of registration and the information that the fund trustees must give to the state will be prescribed by either the State Insurance Dept. or the State Banking Dept. The Insurance Dept. will ride herd on welfare funds that provide benefits through insurance; the Banking Dept. on those that are self-insured or assume their own risk and keep their money in a bank.

- Require fund trustees to file annual reports on their fund's financial condition with the proper department. Again, each department will decide what form these reports must take. And if the departments wish, they can have fund trustees send reports to covered employers and employees.

- Tighten controls over fee-splitting, kick-backs, and other corrupt prac-

tices by making trustees subject to fiduciary law, thus placing various obligations of a trust position on them.

- Provide for examination and audit of welfare funds whenever the department superintendent wishes, but at least once every five years.

- Permit the State Supreme Court to enjoin violations of the law, and the attorney general to sue for recovery of any illegal fund depletions that the department superintendent may find.

A penalty of up to \$2,500 fine or removal of any trustee from the board, or both, may be imposed by the department superintendent.

- **Democrats' Aims**—Though the broader legislation that Harriman sought failed to get past the Republican legislature, it does indicate the line that New York Democrats will press in the future. This line aims at:

- Regulating all welfare funds, including employer-operated plans.

- Putting restrictions on the amount of the employer's securities that any fund may hold.

- Establishing a 16-man advisory committee to help administer the law.

- Exempting self-insuring welfare funds from the requirement that they be licensed as insurance companies (BW—Oct. 8 '55, p129).

- **Federal Moves**—Whatever advances the states may be making in control of welfare fund operations, proposals for methods of federal control appear to be lagging. Speculation is mounting that the bill reported out of the Senate labor subcommittee, headed by Sen. Paul H. Douglas (D-Ill.), will not go so far as either the New York Democrats' aims or provisions of the Republican-sponsored New York law (BW—Apr. 21 '56, p43).

Differences still exist inside the committee over the question of regulating employer-operated funds. Douglas and a majority of the committee want all types of funds covered; so does AFL-CIO. Sen. Gordon Allott (R-Colo.), a member of the Senate group, backs strong management opposition to disclosure of the details of employer-operated funds.

Employers feel that once they've guaranteed benefits, it's their business how they provide them. Labor, and the Douglas majority, maintain that employees have a right to know how fund costs stack up against benefits provided.

Some experts predict that once these disagreements are resolved, the Douglas committee will draft a bill requiring registration and some form of disclosure of welfare fund operations. These experts assume the bill will specifically provide that states may go as far beyond the federal measure as they feel necessary in setting up welfare fund controls. **END**

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AP56

Labor's Stormy Petrel



Has Star-Studded Fete

At \$100-a-plate dinner for Teamsters' controversial Jimmy Hoffa, Dave Beck (left) calls him a "credit to labor."

THE State of Israel was more than a quarter-million dollars richer this week as it received a check from Detroit to finance a boys' home near Jerusalem to be named Beth Hoffa. Though Israel may be accustomed to receiving contributions from many sources, this particular gift nevertheless struck some people as curious.

It represents proceeds from the affair pictured on these pages—a \$100-a-plate testimonial dinner for James R. ("Jimmy") Hoffa, easily the most controversial figure in the U.S. labor movement.

• **Crisis-Builder**—On paper, Hoffa is a

relatively minor figure in the union hierarchy. His official rank is no higher than ninth vice-president of the Brotherhood of Teamsters and chairman of its Central States Conference.

But what's on paper is misleading. His ruthless drive to expand his domain, his willingness to make deals with unsavory elements that control both large and small areas of union jurisdiction, his support for known gangsters and racketeers make him the stormy petrel of the AFL-CIO, and the greatest present threat to its new-found unity.

Hoffa's insistence on an alliance be-



HOFFA is honored with plaque by neighborhood boys' club he sponsors. Dinner proceeds went to boys' home in Israel.



INDUSTRY well-wishers included Ford's John Bugas, others from auto manufacturers.



TEAMSTERS ranks were represented by local leaders, and aides such as attorney Solly Robins.



CHURCH dignitaries included Bishop Bernard J. Sheil, Roman Catholic Auxiliary Bishop of Chicago.



EMPLOYERS came in droves; Walter F. Mullady, former association head, praised Hoffa.



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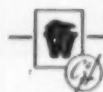
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UAW TABLE at Hoffa dinner included V.P. R. T. Gosser, but not Walter Reuther.

tween the Teamsters and the discredited International Longshoremen's Assn.—which the AFL expelled for corruption—draws a decisive line that AFL-CIO must cross or back away from at its special executive council meeting on May 1. To sanction that alliance would make a mockery of AFL-CIO's authority over its affiliates; to demand that the Teamsters drop it or be expelled would invite a clash between the federation and one of its biggest and strongest units.

• **Friends—and Otherwise**—It was while this crisis was building up that the Hoffa testimonial dinner was planned. Notable among its sponsors was Al J. Hayes, president of the International Assn. of Machinists and head of AFL-CIO's Ethical Practices Committee—the organ established to root out corruption for the federation.



ROY FRUEHAUF (center), trailer company head, found customers among guests.

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There were other prominent labor officials among the sponsors: the Teamsters' president, Dave Beck; the Steelworkers' David J. McDonald; James Cross of the Bakery Workers; Arnold Zander of the State, County, and Municipal Employees.

But some names were even more notably absent from the list: George Meany and William Schnitzler, president and secretary-treasurer respectively of the AFL-CIO, and Walter Reuther, Detroit's best-known labor figure.

• **Busy Spotlight**—Last week, the dinner came off, in Detroit's State Fair Coliseum, drawing 2,650 guests. The Machinists' Hayes, for one, couldn't make it in person. But his absence, and the absence of a number of other distinguished sponsors, was hardly remarked upon. There were plenty of well-known figures to hold the spotlight.

Among them were prominent employers in the trucking industry; John Bugas, vice-president of Ford Motor Co., and Don Ahrens, a General Motors vice-president; and Roy Fruehauf, president of Fruehauf Trailer Co. Bernard J. Sheil, Roman Catholic Auxiliary Bishop of Chicago, offered the invocation. Nathan Feinsinger, University of Wisconsin law professor and former head of the Wage Stabilization Board, served as master of ceremonies.

It turned out to be quite an evening. As one of the departing guests remarked, "They're always talking about Jimmy's powerful enemies. Seems to me he can turn out a few 'powerful friends' when he puts his mind to it."



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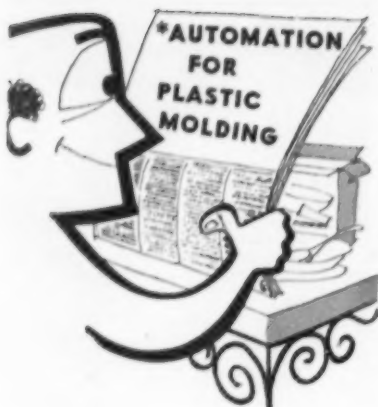
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Unions at the High Court

Supreme Court backs labor on employee stock purchase plans and the right to picket; it agrees to consider union sponsorship of broadcasts endorsing political candidates.

The U.S. Supreme Court this week cleared its docket of several major labor cases and agreed to accept another—an important test of a union's right to sponsor radio or television broadcasts that endorse political candidates.

In the cases decided, favorably for labor, the high court:

- Reaffirmed the duty of an employer to bargain with a union over terms of a company employee stock purchase plan. This action came in a brief order, with no opinion, refusing to review a lower court decision in the Richfield Oil Corp. case (BW—Nov. 1955, p166).

- Ruled that state courts cannot ban peaceful picketing to obtain union recognition from a company in interstate commerce on the grounds that the union has failed to file financial data and non-Communist affidavits required under the Taft-Hartley Act.

- Again refused to tamper with the Labor Dept.'s practice of setting minimum wages under the Walsh-Healey Act on an industrywide basis for companies with government contracts.

- **Stock Purchase Plan**—Of the decided cases, the one involving the stock purchase plan is far and away the most important. It holds, in effect, that employee stock plans are subject to collective bargaining. Management has watched with considerable concern the union court battle to win such a final ruling. The question now is: How quickly and how widely will unions try to capitalize on the decision?

The Richfield Oil case turned on a stock purchase plan offered to employees in 1953. Richfield's local of the Oil Workers International Union (now the Oil, Chemical & Atomic Workers) challenged the company's unilateral offer and asked to be allowed to bargain on its terms. Richfield refused. The union filed unfair labor practice charges with the National Labor Relations Board, and won an NLRB ruling that Richfield must bargain on the stock plan, it being in the board's view part of wages and conditions of employment. Richfield went to court, supported by the National Assn. of Manufacturers, the U.S. Chamber of Commerce, and the American Retail Federation. Richfield argued that the NLRB order interfered with its rights under the Taft-Hartley Act and its exclusive right to control of management.

- **Decision**—The company lost its ap-

peal to the Circuit Court of Appeals in Washington last January, in a 2-to-1 decision: The lower court held that there was no evidence that the union wanted to propose bargaining on "legitimate rights" of management but only on specific parts of the stock plan.

The Supreme Court agreed this week that the issue involved is important—because it will have a bearing on the increasing number of stock plans being adopted by companies—but said that it found the Circuit Court of Appeals decision to be legally correct.

The high court decision closes the Richfield Oil case, but further tests can be expected as other cases are brought "in the public interest" and on different sets of facts. Foreseeing this, Commerce Secy. Sinclair Weeks urged the Supreme Court to clear up the legal question of union bargaining on stock plans. The court rejected Weeks' petition.

- **On Picketing**—The Supreme Court picketing decision, a 7-to-1 ruling, upset a Louisiana state court order that barred picketing by the United Mine Workers' District 50 at an Alexandria sawmill.

District 50 set up a local and claimed to represent a majority of workers at an Arkansas Oak Flooring Co. mill. The company refused to recognize the local because UMW officers hadn't signed non-Communist oaths required under Taft-Hartley as a condition of recognition by NLRB. When District 50 began picketing, the company petitioned for—and got—a state court order banning it as illegal.

The Supreme Court order held that if a union represents a majority of employees, the employer must recognize the union—even if NLRB doesn't. Moreover, it held that a union that hasn't complied with T-H can't resort to the labor board but it can take "other lawful action" to enforce its representation claims.

- **Endorsements**—The Supreme Court agreed to hear government charges that the United Auto Workers violated, in 1954, a T-H bar against "expenditures" by a labor organization in behalf of candidates for federal office. A federal court in Michigan dismissed an indictment against UAW last February, holding that UAW's use of dues to sponsor television and radio broadcasts on which candidates were endorsed did not constitute a violation of T-H (BW—Feb. 11'56, p148). **END**

LABOR BRIEFS

The United Steelworkers wage policy committee and executive board will meet in Pittsburgh May 14-16, to formalize "substantial" demands on the basic steel industry (BW-Mar.17'56, p176). Contract talks will begin shortly afterward.

The cost-of-living index rose slightly in mid-March (for the first time since November) to 114.7% of 1947-49 costs; the February figure was 114.6% (BW-Mar.31'56, p164). Electrical manufacturing wages under c-of-l contracts, with adjustments pegged to the March index, weren't changed; at 114.7%, the cost level was the same as in December, last adjustment date.

Damage suits by nonstrikers in the South are worrying the unions. In the latest case, the Alabama Supreme Court ruled that \$10,000 punitive damages isn't an excessive award for a nonstriker who was prevented by mass pickets from working during a five-week-long strike.

Who's Smarter: Foremen or Union Stewards?

Do unions do a better job than employers in selecting people for leadership? John A. Patton, of the Chicago management engineering firm that bears his name, is inclined to believe they do.

Last week he reported to the Gulf States Industrial Conference in Biloxi, Miss., on a survey he had made among more than 200 foremen and union stewards in 35 companies. The results showed:

On vocabulary, union stewards graded 70, foremen 40;

On mathematical skills, stewards 60, foremen 55;

On practical judgment, stewards 70, foremen 35.

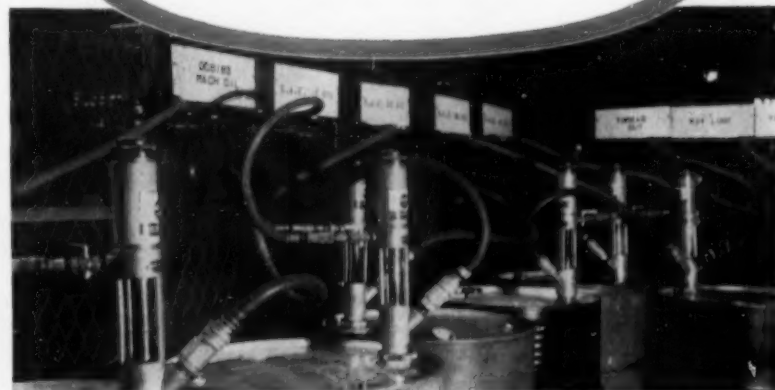
And on the less tangible, but probably more important, picture of each in the individual employee's mind, a large majority of wage earners believe that the steward, much more than the foreman, has the employee's interest at heart.

Patton's conclusion is that all the welfare benefit and incentive inducement in the world won't make the real break-through in the ceiling on employee productivity.

What's required, he believes, is making sure that the worker thinks the company and its supervision believe in him—at the very least, as much as the union steward. **END**



Shop oils always "on tap" at General Electric



Light-weight, fast-acting Graco Fast-Flo Pumps mount directly into oil drums

Three of these "oil bars" serve the large motor and generator department of General Electric Company.

Dispensing is safe and clean, with air-operated, "direct-from-drum" Fast-Flo Pumps. Mounted directly into bung openings of original oil drums, they supply the oils to beer-type valves, where draw-off is quick and splashless. As Fast-Flo Pumps operate only when the dispensing valve is open, control is simple.

Contrast the cleanliness and convenience of this Graco system with the drippy spigots, space-consuming horizontal drums and messy house-keeping of other, old-fashioned ways of handling shop oils.

If your company uses oils, thinners, solvents, or other light fluids received in original drums, chances are the Fast-Flo pump method of transferring, dispensing or applying can save you money and time. To check, write for your copy of the Fast-Flo Idea Book. Other Graco pumps handle sealers, adhesives, coatings, mastics and similar heavy compounds. Write for catalog 452.

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REGARDLESS OF COST, a restaurant is one place where a steady flow of clean, fresh air is a *must*. Until two years ago, this New York restaurant used conventional throwaway filters in its air-conditioning system. But, because they quickly became clogged with dirt, frequent changes were necessary and costs were high. Then they installed **PLIOTRON**—the first truly washable electrostatic panel-type air cleaner.

Now, after two full air-conditioning seasons, not only do they get a stronger flow of cleaner air, but annual filter costs have *already* been cut by 66%. And the original set of **PLIOTRON** Air Cleaners is still going strong.

PLIOTRON removes up to five times as many fine dirt

particles as ordinary filters. It is depth loading rather than surface loading—its entire depth filters the air for longer, more efficient service between cleanings. And it lasts indefinitely. When dirty, a quick bath restores **PLIOTRON** to full efficiency.

PLIOTRON is available in standard panels to fit any air distribution system using ordinary filters and a new heavy-duty construction for extreme service conditions. It is also available in new half-inch thick panels for use in window air conditioners. For details on how you can get cleaner air at less cost, see your **PLIOTRON** distributor or write:

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THE MARKETS

Wall St. Talks . . .

. . . about stock-split strategy . . . public sales of Wyandotte shares . . . borrowings to buy metals.

Why AT&T isn't splitting its stock: When a split is announced, says Pres. Cleo F. Craig, the stock generally goes up in a market flurry, but unless the dividend is substantially increased soon, it's likely to drop below its original price. "Your board," says Craig, "is not going to take any action . . . merely to push our stock up and down in the market."

Advice with an escape clause: "This is a good time to own stocks—but not necessarily the time to buy them." That's what many Streeters are telling their clients and friends.

Another closely held company is opening the door a crack to public ownership. Wyandotte Chemicals Corp., leading producer of alkali and heavy chemicals will soon sell a big block of treasury stock to the public.

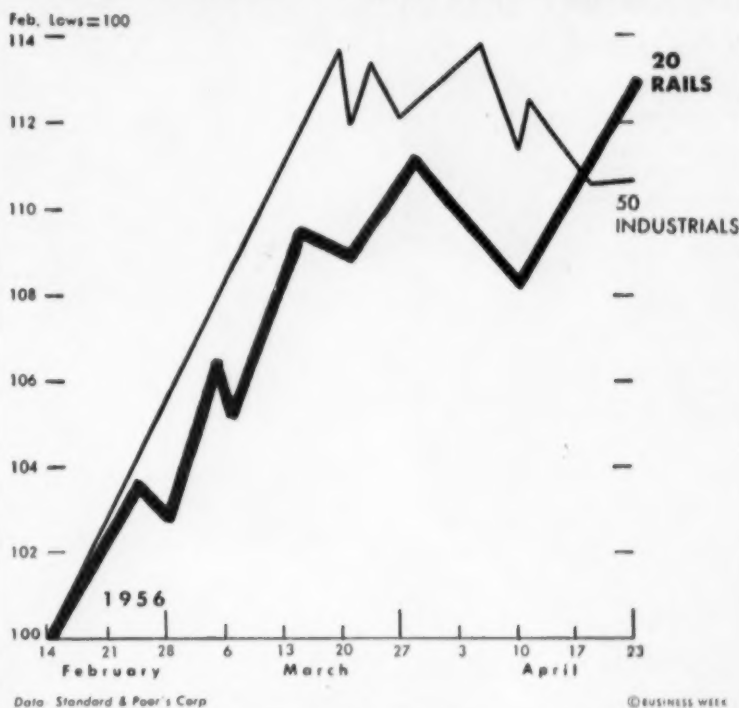
The huge contraseasonal expansion in New York City bank loans can be laid at the door of metal and metal products companies that have been hurrying to build up inventory of materials. Over-all, commercial and industrial loans have risen \$382-million since Jan. 1; loans to the metals industry alone have risen \$441-million. Steel users are obviously hedging against the possibility of a steel strike this summer and the near-certainty of a steel price rise (BW-Apr. 14 '56, p. 26).

Preferred stocks have accounted for many of the growing number of "new 1956 lows" chalked up lately on the Big Board. On Tuesday, for example, when 91 new lows were set preferreds accounted for 36, or 40% of the lows. The reason, of course, is the recent sharp tightening of money rates.

Most favored stocks in Big Board monthly investment purchases: General Electric, General Motors, Radio Corp., Dow Chemical, Standard Oil (N. J.), American Tel. & Tel., Sperry Rand, Tri-Continental Corp., du Pont, Union Carbide & Carbon.

Kennecott Copper will show 1956 earnings of \$17 to \$18 a share, some Streeters are betting, compared with 1955 earnings of \$11.61.

The Rails Take the Lead



But the Industrials Lag

The stock market's "consolidation" has turned into a minor retreat. This week, Standard & Poor's index of 50 industrial stocks was selling around 4% off its record high, which it hit in the first week of this month. That put it back where it stood in the second week of March.

As the chart above shows, the happiest news for Wall Street's bulls has come from the rails. It has been the one big group that has looked strong over the past three and a half weeks, during which time the industrials have slumped off. S&P's index of 20 rail stocks hit 112.4 early this week—a new bull market high for the 1949-1956 market, and the highest mark for the index since Oct. 4, 1930. By midweek, some profit-taking had showed up and the rail index moved lower, but it was still holding up better than the industrials.

Dull Industrials—Among the industrials, generally good earnings statements (page 23) have done nothing to spark any further ascent by the market. The problem continues to be on the buying side—prospective bidders for equities are sitting on their hands, so that sell orders have been opening up wide gaps in prices of individual issues.

Volume hasn't strengthened—which,

on a downward slanting average, makes bulls happy—but this week there have continued to be many more issues declining than advancing. On Tuesday, for instance, in the worst price break since two weeks ago and one of the year's sharpest, 700 issues, some 60% of all traded, were off on the day.

One big problem obviously has been that plenty of traders and investors have been taking profits lately. This shows up in the weakness in groups and individual issues that were market leaders just a few weeks ago. Aircrafts, copers, chemicals, and steels have all been hit. Even the oils have seen some sharp-shooting as some issues have touched new highs, then stuck there.

Motor Group—One group that has had no steam for some time is the motors, but it looks as if the worst may be yet to come. Inventories are still near their highs, production has been cut back again, and production estimates for the second and third quarters don't measure up to many Streeters' expectations.

Ford rebounded a bit after striking a new low early this week, but it is still some \$8 below its offering price of last January. At midweek, Chrysler was selling at its year's low, as were Studebaker-Packard and American Motors. General

Checklist of NEW McGraw-Hill Books for Management Men

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☐ FASTER, FASTER A Simple Description of a Giant Electronic Calculator and the Problems It Solves

Explains in layman's language what an electronic calculator is, how it operates, the problems it solves, and how problems are presented to it. By W. J. Eckert and Rebecca Jones. 156 pp., 44 illus., \$3.75

☐ GUIDE TO ELEMENTARY STATISTICAL FORMULAS

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Motors wasn't far from its low, and reports of production cutbacks in its middle-priced auto lines were depressing GM further.

• **Selective Rails**—Like the industrials, the strength in the rail index is more apparent than real. Take the 45 issues listed below. About half of these have made their bull market highs this year, and have performed better than the average. Another 20 issues made their highs last year, and three made their bull market highs before 1954.

The selectivity is even sharper for the issues that figure in the average itself. The showing of half a dozen rails—Atlantic Coast Line, Northern Pacific, B&O, Atchison, C&O, and Southern Ry.—has been the propelling force in moving the index up 13% from its February low to a new high. On the other side, there are nine issues that haven't made so much as a 10% gain since February; they stand from 4.6% to 43.6% below their year's highs. One

issue, the New Haven, is actually below its February low.

• **Cheering Words**—There's been plenty of good news to revive interest in the rails after a long period in which they did nothing. Last month's 6% freight increase and renewed demands for a further hike have been a big factor. Earnings look at least as good as last year. Some estimates already place Class I road earnings at \$1-billion for the first time in history. Last year, earnings totaled \$925-million.

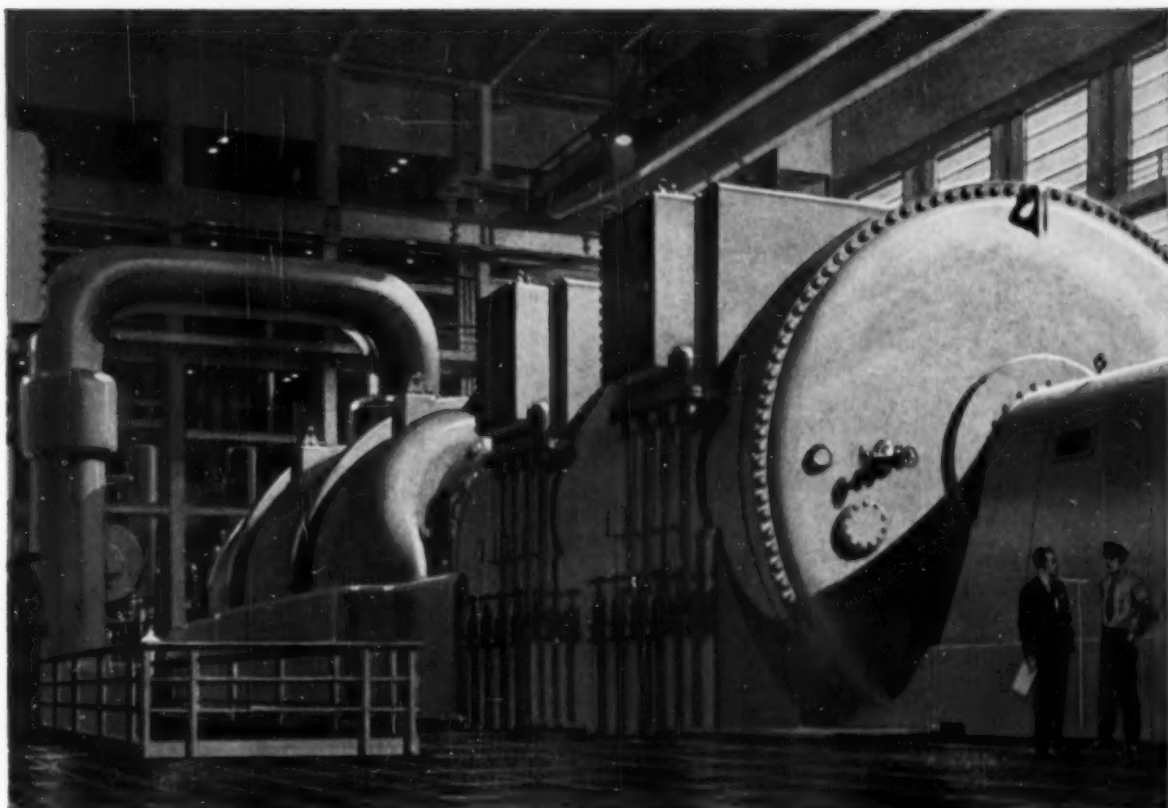
The rate increase may have proved enough to boost first-quarter net for all roads above last year's total for the quarter, but analysts are betting on peak second and third quarters to provide earnings steam for a record 1956 total.

Stockholders may get a bigger chunk of these handsome earnings, too. This week, Pennsylvania RR boosted its dividend from 25¢ to 35¢ a quarter, citing heavier traffic and better cost control as factors behind the hike.

Rail Stocks: They've Been Selective Too

	Full Market High	When Registered	February Low	This Week	This Week vs.	
					Bull Market High	Feb. Low
Virginian Ry.	\$65.75	April '36	\$48.00	\$64.75	- 1.5%	+34.9%
*Atlantic Coast Line.	60.87	April '36	45.25	59.75	- 1.8	+32.0
Western Maryland.	61.37	Mar. '36	47.00	60.87	- 0.8	+29.5
Chicago & Western.	46.37	April '36	37.00	46.37	+25.3
Bangor & Aroostook.	55.50	April '36	44.25	55.25	- 0.5	+24.9
Minn. St. P. & S. Ste Marie.	21.62	April '36	17.00	21.00	- 2.9	+23.5
Pittsburgh & West Virginia.	32.75	Mar. '36	26.00	31.50	- 3.8	+21.2
Kansas City Southern.	86.50	April '36	71.25	86.12	- 0.4	+20.9
*Northern Pacific.	94.37	1952	72.25	87.00	- 7.8	+20.4
Delaware, Lack. & Western.	25.25	Mar. '35	20.25	24.25	- 4.0	+19.8
*Baltimore & Ohio.	53.37	Sept. '35	41.75	50.00	- 6.3	+19.8
*Atch. Topeka & Santa Fe.	173.00	April '36	144.50	173.00	+19.7
Delaware & Hudson.	91.50	April '36	76.25	91.00	- 0.5	+19.3
*Chesapeake & Ohio.	64.62	April '36	54.25	64.50	- 0.2	+18.9
*Southern Ry.	124.25	April '36	100.75	118.50	- 4.6	+17.6
Western Pacific.	75.00	April '36	63.00	73.50	- 2.0	+16.7
*Louisville & Nashville.	100.37	Mar. '36	84.50	98.50	- 1.9	+16.6
*Pennsylvania RR.	30.37	June '35	22.75	26.50	-12.7	+16.5
*N.Y., Chicago, St. Louis.	64.50	April '36	54.50	63.12	- 2.1	+15.8
Central of Georgia.	69.50	May '35	46.00	53.00	-23.7	+15.2
*Illinois Central.	69.75	April '36	61.00	69.12	- 0.9	+13.3
S. & P.'S DAILY RAIL INDEX	112.4	April '36	99.4	112.4	+13.1
*Reading.	37.87	June '35	31.25	35.25	- 6.9	+12.8
Seaboard Air Line.	87.50	June '35	73.00	82.00	- 6.3	+12.3
Norfolk & Western.	68.00	April '36	61.00	64.00	+11.5
Chicago & North Western.	31.37	Feb. '36	24.50	27.12	-13.5	+10.7
Boston & Maine.	30.00	Dec. '35	19.12	21.12	-29.6	+10.5
Denver & Rio Grande Western.	43.87	Sept. '35	38.12	42.12	- 4.0	+10.5
*Union Pacific.	205.00	Nov. '35	171.25	188.00	- 8.3	+ 9.8
*Great Northern.	46.87	April '36	40.25	44.12	- 5.9	+ 9.6
Lehigh Valley.	25.12	April '35	19.62	21.25	-15.4	+ 8.3
*Southern Pacific.	65.12	July '35	52.50	56.75	-12.9	+ 8.1
*Erie.	24.75	April '35	20.75	22.37	- 9.6	+ 7.8
*New York Central.	49.50	July '35	39.75	42.75	-13.6	+ 7.5
*Chic. Rock Island & Pac.	43.62	Mar. '36	38.87	41.62	- 4.6	+ 7.1
Gulf, Mobile & Ohio.	44.50	Feb. '35	36.00	38.12	-14.3	+ 5.9
Colorado & Southern.	66.12	1953	45.00	47.50	-28.2	+ 5.6
Texas Pacific.	182.00	Mar. '36	162.25	171.00	- 6.0	+ 5.4
Chicago & Eastern Illinois.	27.87	Mar. '35	21.25	22.25	-20.2	+ 4.7
Central RR of N.J.	42.75	Mar. '36	38.50	40.00	- 6.4	+ 3.9
Chi., Mil., St. P. & Pac.	30.00	1951	22.75	23.50	-21.7	+ 3.3
St. Louis-San Francisco.	34.87	June '35	30.12	31.00	-11.1	+ 2.9
St. Louis, Southwestern.	120.50	April '35	281.00	286.00	-10.8	+ 1.8
Minneapolis & St. Louis.	28.75	Mar. '35	21.37	21.50	-25.2	+ 0.6
*N.Y., N.H., & Hartford.	39.00	June '35	22.00	22.00	-43.6
Missouri-Kansas-Texas.	21.62	Aug. '35	14.50	14.00	-35.2	- 3.4

* One of the 20 stocks making up S. & P.'s daily rail price index.



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PERSONAL BUSINESS

BUSINESS WEEK

APR. 28, 1956



You may not have quite grasped the fact that today you can own a summer home almost anywhere in the country and still be within week-end commuting distance of your office.

Just a few years ago the executive had to spend three sticky, crowded Friday-evening hours trying to join his family at a beach or a lake 100 miles away. Now he can spend the same length of time—and more pleasantly—joining them in a wholly different region.

Already a surprising number of executives who are residents of such states as Indiana, Ohio, and Texas spend week-ends at their summer homes on Cape Cod. And California's Lake Tahoe has summer week-enders from as far East as the Mississippi.

The main reason for these broadened horizons, of course, is the tremendous growth of air travel, including private and company-owned planes. Yet the airplane isn't the only factor; even the range of summer homes within daily commuting distance has stretched out dramatically in most metropolitan areas—thanks to better cars and high-speed expressways.

Is a summer home expensive? Generally speaking, you'll find prices lower than you might expect to pay for comparable property in a metropolitan area. But there are two important rules of thumb: (1) A home in an ocean area will cost more than one in the mountains (ocean-frontage boosts the price even higher); and (2) the distance from key cities affects the price—the closer you are, the more you will pay.

Thus, for example, a completely furnished, 27-acre "estate" in North Carolina sells for \$27,500; a one-acre, ocean-front home on Long Island will go for \$67,500, furnished.

Here are a couple of samples of what sailors and ocean-lovers can expect in available real estate at some of the better-known coastal areas:

- **Cape Cod.** Prices range from \$30,000 to \$200,000, 75 miles from Boston.
- **The Maine Coast.** Range from \$20,000 to \$60,000; good airline service to New York and Boston.
- **Southern California.** Most exclusive and desirable areas around Los Angeles are Santa Barbara (100 mi.); Laguna Beach and Newport (55 miles); La Jolla (120 miles). Prices generally higher than the East Coast—from \$40,000 to \$350,000.

Don't assume that the best places for you are necessarily in the best known areas. A little searching will reveal a great many areas perhaps new to you that have summer homes not only more suitable to your purpose but just as convenient to reach.

Because of the wide availability of summer homes, chances are excellent that you can find a place suited to your family's particular interests and needs. For example, dyed-in-the-wool golfers like either the Southern Pines-Blue Ridge Mountain areas of North Carolina (\$25,000 to \$100,000); or the Monterey Peninsula in California (\$50,000 to \$100,000).

Owners of companies or executives of large firms lean toward Easthampton on Long Island's South Shore (100 mi. from New York; \$30,000 to \$100,000). It's becoming more exclusive than neighboring Southampton.

PERSONAL BUSINESS (Continued)

BUSINESS WEEK

APR. 28, 1956

Best bargains in large homes are at Southampton, Newport, and Bar Harbor. Houses that used to sell for several hundred thousand now go between \$25,000 and \$100,000. (The catch: Taxes are heavy.)

At the other extreme is Fishers Island, at the end of Long Island Sound. Probably the nation's most exclusive summer resort, a "bargain" may cost you \$200,000. Its inhabitants are mainly executives who winter at Hobe Sound, or the French Riviera.

How do you find a summer home if you are interested in going outside the limits of your own immediate area? Best way is through Previews, Inc., national real-estate clearinghouse. They have offices in all major U. S. cities and listings throughout the country. You can either work directly through them, or they will supply you with names of local real estate brokers.

—•—

The Kentucky Derby next week will open the annual mint-julep season. And a lot of people won't make mint juleps because they think it is a mysterious concoction that only a Kentucky colonel can build.

Actually, a mint julep is simple to make, although a continuous argument rages over the finer points. According to most authorities, here is the classic recipe:

Fill a large glass or pewter tumbler with crushed ice. Pour over it a teaspoonful of sugar dissolved in a little water. As the syrup settles, pour over the ice two ounces (or more, to taste) of bonded bourbon. Stir briskly until glass becomes frosted. Add ice to fill glass. Garnish with fresh mint leaves.

Some experts insist on dissolving the sugar in the bottom of the glass before filling with ice. Others insist that the mint must be crushed in the bottom of the glass. Still others like a jigger of brandy added on top and not stirred in. So whichever way you make it, be prepared for every other expert to suspect you of barbarism.

—•—

A couple of new developments for highway vacationers and campers:

- A new 16-page Turnpike Guidebook features a multicolored map of all toll roads and interstate highways from coast to coast. Includes toll information, intercity mileages, travel time; is sponsored by American Automobile Assn. and Parade Magazine. Cost: 25¢ from Parade, Box 475, Dept. 18, Radio City Station, New York 19.

- A "Travel Tent" comes in a car-top carrier, unrolls to be set up in five minutes, makes a 10-ft. by 10-ft. room either attached to car or independently. Cost: around \$160.

—•—

Note for gun fanciers: Gun Digest has just published a 388-page book called Treasury, edited by John T. Ambler, containing gun lore of all kinds from the first 10 years of the Gun Digest magazine. \$5 for hard binding; \$3.50 for paper. Available at sports, book, and department stores.

—•—

Manners and modes: One manufacturer claims a new use for vacuum cleaners: Holding the suction hose over a glass of beer will restore a frothy head in seconds. . . . The average speed of motor vehicles on main rural highways set a new high in 1955—50.7 mph. . . . Businessmen rank second only to physicians in prestige, according to a study ranking eight careers.



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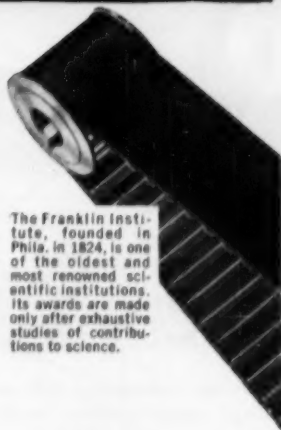
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The Matson Navigation Company is an oldtimer on the West Coast. Seventy-three years ago Capt. William Matson charted his initial voyage, and his company's course, to Hawaii. Today 18 modern freighters ply between there and the mainland, and the luxury liner *Lurline* is also on the Hawaiian run. Four company hotels dot Waikiki Beach, and a subsidiary carries cargo to Australasia.

For such extensive operations, much paperwork is necessary. Duplicating essential documents was once a major

bottleneck, and many other items were balked entirely by prohibitive production costs. Today, all is different. Though everything is wanted in a hurry, versatile xerography—the clean, fast, dry, electrostatic method of copying—delivers on time and often ahead.

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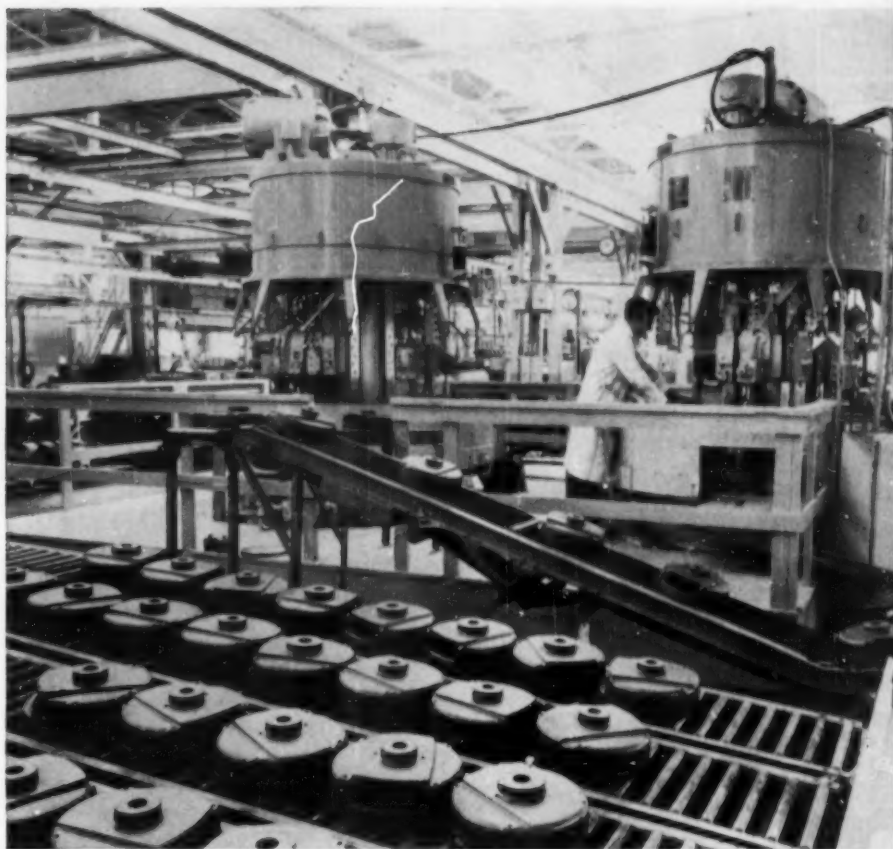
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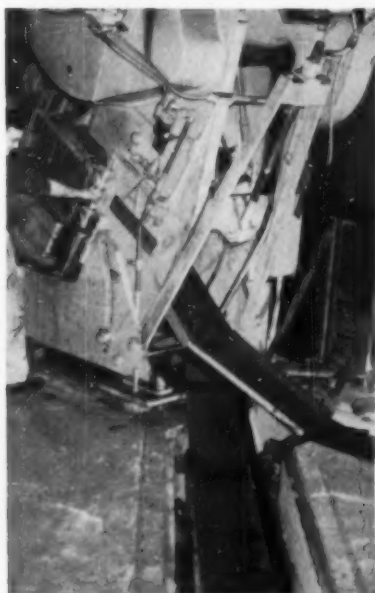
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PRODUCTION

General Electric's motor plant in Schenectady makes a lot of different standard models and special orders without sacrificing mechanized operation. The plant shows how to achieve . . .



Variety—and Automation, Too



PUNCH PRESS operates on a fully automatic cycle. Under-floor conveyors move the punchings to another press.

The advantages of fully mechanized production and assembly—call it automation—aren't limited to manufacturers of high volume, completely standardized products. That's what visitors to General Electric's super-secret "Building 85" learned when the company unlocked the doors of the new production facility to show it off during a stockholders meeting in Schenectady last week.

Building 85 is a \$7-million plant that turns out electric induction motors from 7½ hp. to 30 hp. It's an integrated unit that starts with raw material and ends with packaged products. It's great advantage is the ease with which it can make both standard and special-order motors—without sacrificing the benefits of automation. Only two major hand operations are involved in the whole process.

• **Flexibility Means Variety**—The plant shows what can be done in streamlining production techniques for items produced in limited volume, and for which there is a highly varying market demand. This is the area of production where it has been most difficult to intro-

duce automatic equipment. But by combining part standardization with flexible plant layout, GE has managed to automate without restricting end product variety, and can shift production schedules even faster than before.

Building 85 turns out over 100 different standard models of electric motors of varying horsepower, plus a wide variety of special-order items, though hand labor is cut to rock bottom. This big bonus in production flexibility stems from the reduction of cycle time—the length of time a unit is in the production line from the first raw material processing step to final packaging. Before Building 85 went into production, a motor was in the works two weeks. Now, finished motors arrive at the storage bank only 24 hours after the strip steel, copper and casting metals have started their trip through the production lines.

• **Interchangeable Building Blocks**—The automatic plant incorporates a lot of new ideas in mechanized fabrication and assembly. All machinery except the heaviest punch presses and die casting and heat treating equipment is on mov-



save 30% to 60% on both floor cleaning jobs

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SPECIALIZED MAINTENANCE EQUIPMENT

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CLOSE CHECK is made on all gauges used in production at the new plant.

able mounts. This means lines can be altered quickly for major or minor model changes. The plant is built as a series of interchangeable building blocks. There are three parallel production lines—two outer ones handle standard motors, while the middle one turns out special order designs. Workers on the middle portion of the special order line can draw easily from the facilities of both standard lines.

• **Automatic Operations**—At the beginning of both standard model production lines is an array of automatically operated punch presses. When fed coiled steel, the presses feed, punch, and index the parts. Magnetic conveyor belts transfer the material between presses, and scrap is automatically collected and carried out of the building by conveyors under the floor.

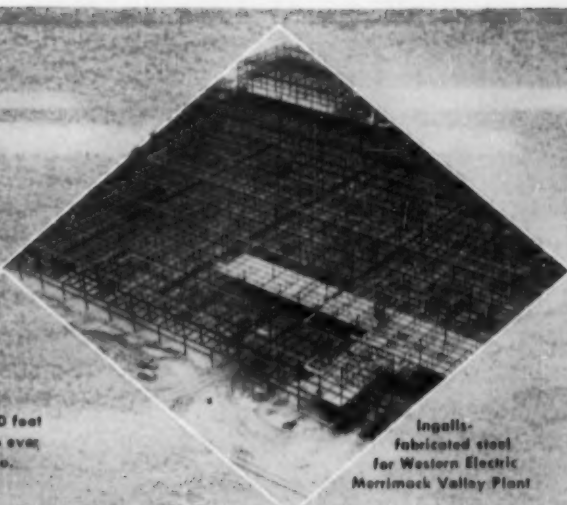
The plant utilizes several types of materials handling and transfer equipment to move motor parts from initial fabrication to final assembly. Roller-type conveyors handle a large proportion of transfers, but overhead suspension systems take over for such operations as dipping and baking wound stators.

Machining operations have been concentrated as much as possible on single multipurpose machines. Motor frames, for example, are milled, drilled, bored and tapped on a single machine in a series of progressive operations. Previously, each step required a separate machine.

• **Labor Force**—The two operations that machines haven't licked are stator winding and a portion of final assembly. These are done by hand. All told, it takes a labor force of 600—assemblymen, coil winders, inspection and operating personnel—to operate the plant. Actually, the employee total is greater than that of the old unmechanized



USNS YUKON — 640 foot
Oil Tanker. Largest ship ever
built on the Gulf of Mexico.



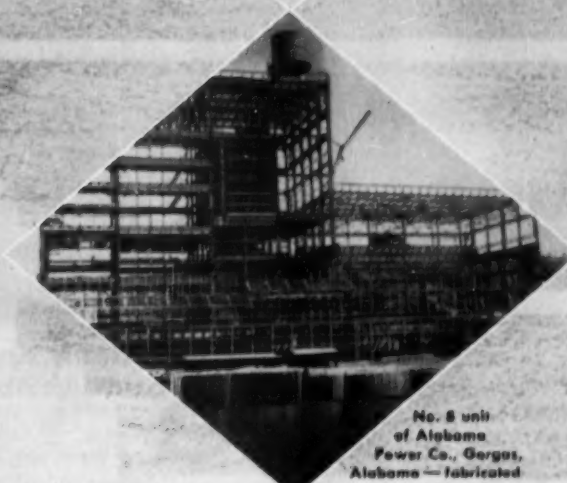
Ingalls-
fabricated steel
for Western Electric
Merrimack Valley Plant

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Ingalls serves both industry and government, in widely separate fields. Ingalls' KNOWLEDGE of all these fields was earned through practical, intense, hard-working years. This knowledge is at your service today.

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STEEL FABRICATION: The Ingalls Iron Works Company is a major nation-wide fabricator of steel for power houses, all types of buildings, bridges, and any special applications.



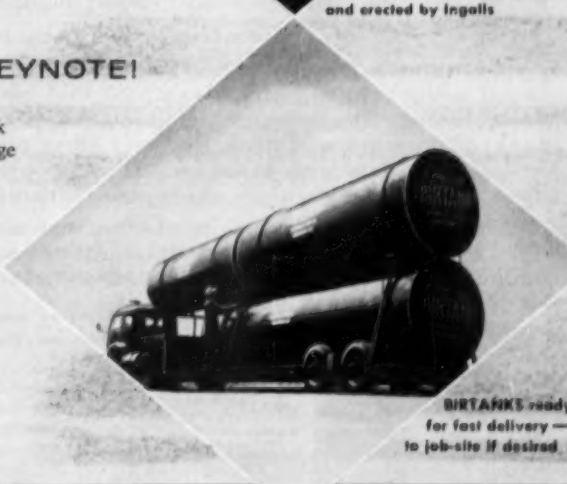
No. 8 unit
of Alabama
Power Co., Gorgas,
Alabama — fabricated
and erected by Ingalls

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to bed with you?**



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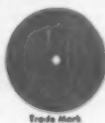


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Sound
DICTATING



Scriber
EQUIPMENT

plant. But so is the capacity of the
new mechanized facility.

At the end of the production line, a
giant slotted storage bin receives the
tested and crated motors. Here they are
stored on sloping roller conveyors that
automatically move the crates forward
as orders are removed from the end of
the bin for shipment.

• **Big Market**—Building 85 has been in
full operation since October, 1955. It
was designed about 34 years ago to meet
an expanding market for induction
motors—a market GE thinks will in-
crease in size about 75% in the next
10 years. And the market is big right
now.

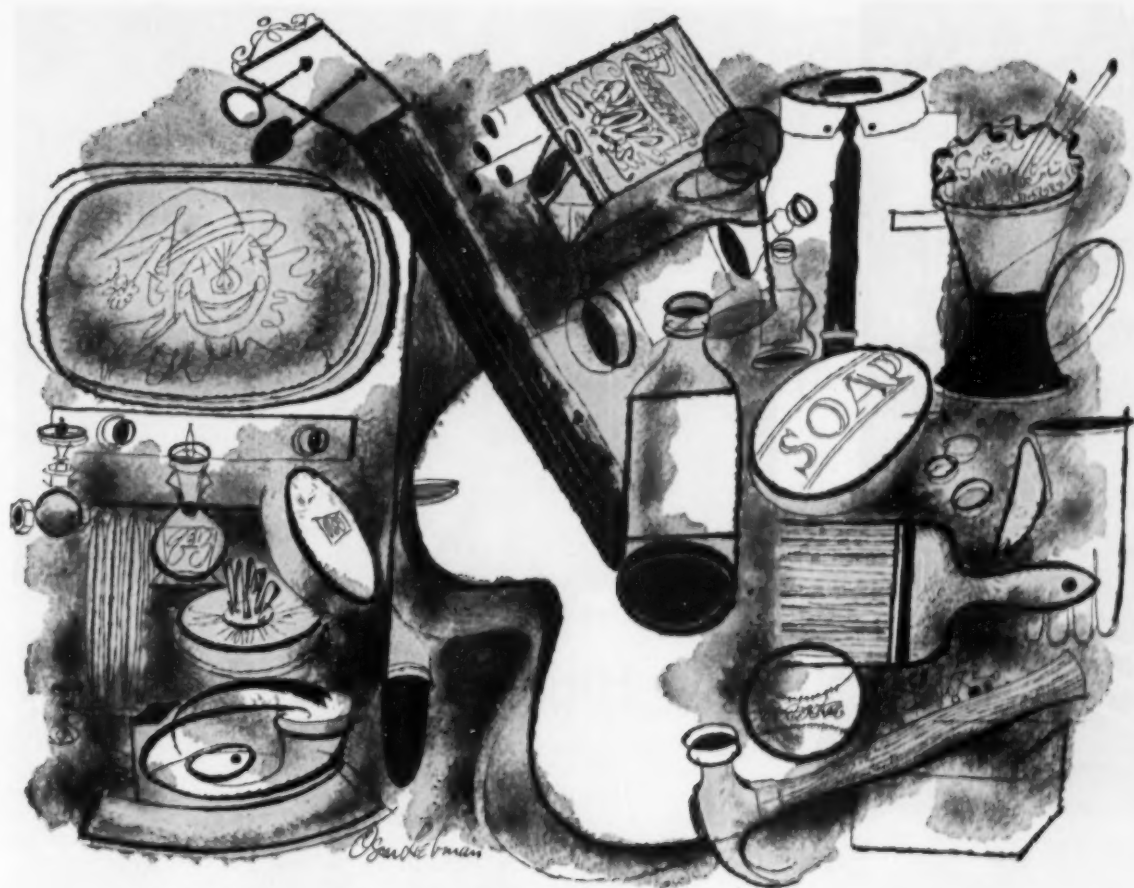
According to most estimates, about
80% of the motors in industry are
induction type. They are used in
thousands of applications where high
horsepower and relatively constant
speed are required.



Earthmovers Afloat

One of the biggest shipments of
earthmoving equipment from the Pitts-
burgh area took place recently when
four bargeloads (picture) started their
journey down the Allegheny River. The
destination of their \$1,250,000 cargo
is the site of Olin-Mathieson Co.'s alu-
minum plant about to go up near Clar-
ington, Ohio.

The big bulldozers, scrapers, and
other gear, will be used to move an
estimated 10-million cu. yd. of earth
to prepare sites on both sides of the
Ohio River. The aluminum reduction
plant—cost \$90-million, rated capacity
about 60,000 tons per year—will be
built on the Ohio side of the river, and
its \$30-million power plant will go up
on the opposite bank in West Vir-
ginia.



"THINGS?"

THINGS are what everybody owns. Everybody works with things, plays with things, cooks things, rides or walks or stands on things, runs things, does one thing or another with things.

Yet, these things that we call "things"—that are so deeply a part of us, so vitally woven into everything we do—are far from being nameless, vague, indefinite shapes, sizes or forms.

THINGS?

No, these are not just "things." Not just materials of wood or fibre or chemicals, or ingredients, all the same, all put together alike! Not just materials without personality, without differences.

Each, rather, is an *individual* product—designed to introduce a piece of happiness and satisfaction to people's lives. Each is a proud product of someone's mind, heart and dreams. Each represents hope and faith and sweat. Each bears a *proper* name, a brand, a signature of a maker's responsibility.

PROTECT THE NAME

A manufacturer cherishes the good name his product has come

to be known by. It symbolizes his company's *responsibility* and his product's *individuality*. Frequently, it is an asset more valuable than plants, materials, and all other properties combined.

The public's respect for good brand names, its recognition that a wise buyer follows brand advertising carefully, and its habit of naming the brand when buying, all govern the "climate" affecting brand promotion. So, too, does the retail dealer's continuous promotion and advertising of the brands he carries. A favorable public and retail "climate" means effective distribution at lower selling costs.

Throughout the year, in advertising space and time contributed by virtually all the media, the Foundation acquaints the public with the way brand competition and brand advertising serve its interests. Similarly, the Foundation shows retailers their profit stake in "brands that have made a name for themselves."

If you share this interest in a stronger brand system, you may want more details about the Foundation and how you can actively participate in its program. An inquiry on your letterhead will bring you this information promptly.

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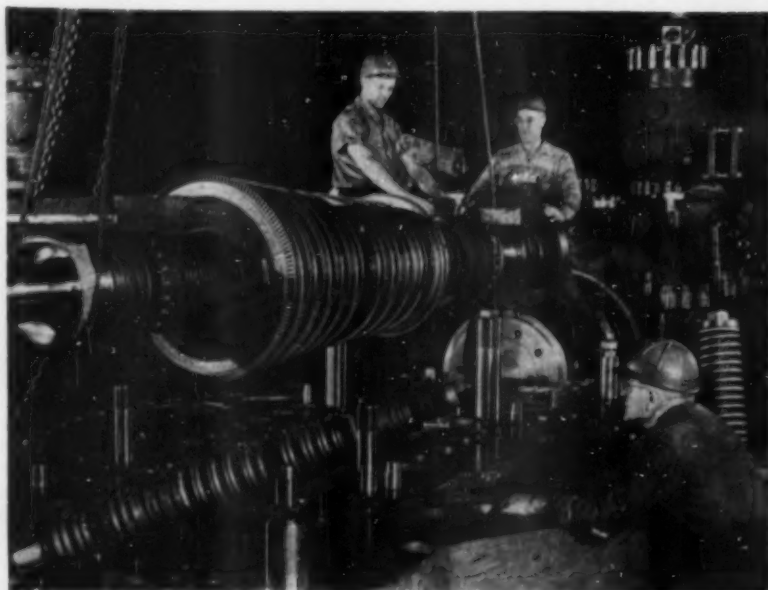
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clues



TURBINE being built by GE will operate at supercritical pressures. This means . . .

New High in Power Efficiency

A new breakthrough in steam turbine generators—that will pull as much as 10% more electric power from a ton of coal—is just around the corner.

That's how the power industry interprets the announcement by General Electric and Westinghouse that their new supercritical-pressure turbine generators soon will be in operation.

General Electric's new turbine (picture) will be more efficient than any existing unit. It will be installed, by the end of the year, at American Gas & Electric's new power station at Philo, Ohio.

Westinghouse has designed an even bigger unit for Philadelphia Electric Co., which should be completed by 1958.

• **Key to Efficiency**—In the turbine business, the one big key to improving efficiency has always been to build up higher pressures. And the concept of a supercritical turbine has been a big step in this direction. Greater efficiency is possible if you run a generator at pressures above the critical point, where steam and water have the same density.

Take the new GE turbine generator rated at 125,000 kw. It operates at an initial steam pressure of 4,500 psi and a temperature of 1,100F. The highest pressure used by turbines now in service is 2,400 psi.

Westinghouse's unit will have a capacity of 325,000 kw. The steam will be used at a record-high supercritical pressure and temperature of 5,000 psi and 1,200F.

These units make a ton of coal go further. Philadelphia Electric says that with present turbines, a ton of coal has an output of 2,900 kwh; supercritical operation may boost this output to 3,450 kwh.

• **Higher Cost**—The new turbines are more expensive than conventional ones because the high temperatures and pressures require special alloys (for the compressor buckets), heavier casings and water purifying systems. Water impurities at supercritical pressures must be held to less than .05 of a part per million parts of water.

For turbine buckets that would withstand 1,200F, metallurgists turned to super-alloys based on chromium and nickel, plus small amounts of stabilizers such as columbium and molybdenum.

• **How It Differs**—Conventional boiler systems consist of a boiler drum connected by tubes to a water supply drum. As heat is applied, the water circulates, and the temperature rises. Steam forms as bubbles in the tubing and is collected in the drum. It is then piped to the turbine where it does its work. Condensed steam is recirculated to the boiler.

In supercritical-pressure operation, water turns almost instantaneously into steam, without boiling. This requires a change in steam generator design, adding a second stage of re-heat to reach higher temperatures. The system also needs more boiler feed pumps to provide the extra-high pressure, more feed water heaters, and a special super pressure turbine section. **END**



CORRUGATED boxes for enameled lavatories—bold step in competitive market shaves 25% off package cost

Up until just recently, makers of enameled cast iron lavatories were tradition bound to pack them in heavy, costly wooden crates. Now experience proves that corrugated boxes protect just as well and cost 25% less.

Keen competition in the enameled lavatory business was pressing one leading company to reduce price. But production costs could not be cut further. Then someone thought of corrugated boxes. Not only was first cost less, but they reduced package weight by 40%. Over-all economies gained permitted tangible price reductions without reducing profit.

Corrugated boxes can be used

successfully in heavy duty applications because they combine the two qualities most needed: strength and resiliency. They can be stacked without buckling. Yet under impact, they yield enough to protect the contents from damage. Warehousemen like the easy handling and labeling of corrugated boxes. And customers like the way they keep out dirt.

Today, corrugated's advantages are

earning countless new uses. If you have something to package, think first of corrugated. Have a talk with your nearby boxmaker. Find him in your classified telephone directory under "Boxes—Corrugated."

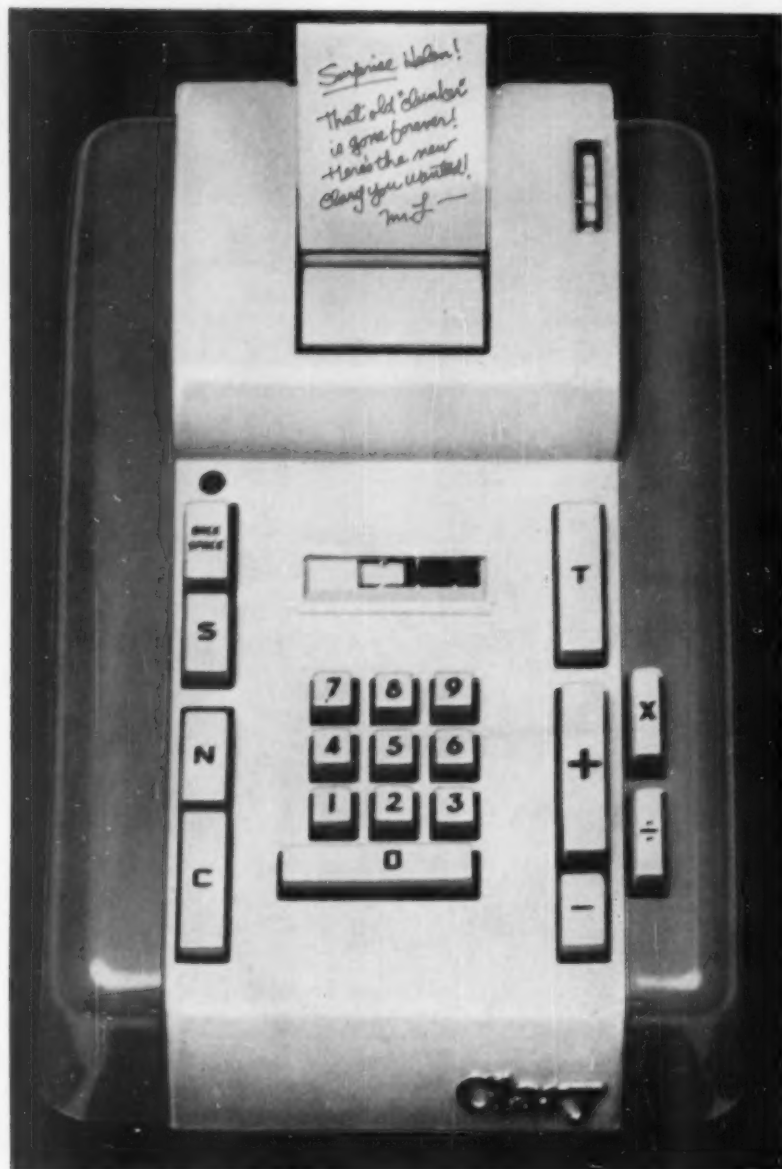
Langston doesn't sell corrugated, only the machines that make it. Since 1902, these machines have led the field in efficiency and dependability. *Samuel M. Langston Co., Camden 4, N.J.*

THINK FIRST OF CORRUGATED



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Aluminum Wire

New insulating process puts aluminum in better position to compete with copper wire in electric equipment.

The high price of copper—currently 45¢ a lb.—has sent industry on a wide-ranging hunt for substitutes for the red metal. And manufacturers are getting lots of help from aluminum metallurgists, who are wasting no time laying trails to lure them away from copper's traditional strongholds, particularly electrical equipment manufacturing.

Most recent development along this line is Aluminum Co. of Canada's announcement of a new insulation for aluminum wire applied by continuous anodizing. The process is inexpensive, provides a thin but extremely durable coating for aluminum wire. It has electric equipment designers buzzing, and may put aluminum over in a big new market.

• **Aluminum's Inroads**—So far, aluminum has made its biggest inroads on copper in such applications as elevated high tension cable for power distribution. Aluminum won out in that contest more than a decade ago because of its lighter weight. More recently, aluminum windings have been used for large transformers. And last year Western Electric announced a shift to aluminum for communications and power cables.

But copper still is king in the electric motor and small transformer fields—despite its higher price. That's because a copper wire carries about one-third more current than aluminum wire of equal diameter. And it is considerably easier to make good electrical connections with copper than with aluminum.

• **New Process**—Aluminum wire insulated with Alcan's new process may give copper much more serious competition, particularly in coil winding applications. Alcan metallurgists have worked out a way to put a flexible insulation on aluminum by continuous anodizing. This is an electrolytic process that builds an oxide layer on the surface of the metal. It makes a thin, adherent coating that's an excellent insulator almost immune to the effects of high temperatures.

Until the Alcan development, anodized coatings on aluminum were not practical for most electrical insulation jobs. The oxide layer was extremely brittle, couldn't stand up under bending, stretching, or compression. Alcan says it has licked the brittleness problem—at least as far as coil winding is concerned. Its wire will bend suffi-



How Sunshine Biscuits "Branched Out" to Serve the Western Market

**An interview with Murry Leach, Vice President
and Manager of West Coast Operations,
SUNSHINE BISCUITS, INC.**

Q. Mr. Leach, Sunshine Biscuits opened its Metropolitan Oakland Area plant in 1941. What were the main reasons for choosing MOA as the location?

Mr. Leach: When we decided to "branch out" in order to serve the western market more effectively, several possible areas were studied. MOA, as you call it, was selected primarily because of its climate and location in relationship to raw materials and markets.

Q. Is climate particularly important to your operation?

Mr. Leach: It certainly is. There are only a few places in the world where products such as ours—crackers, cookies and candy—can be made without use of expensive air conditioning. MOA is one such place. Nature does our air conditioning—does it very efficiently, with important savings both in original investment and operating costs.

Q. You mentioned MOA's location as another important consideration.

Mr. Leach: Location is really a two-part consideration. We wanted to be close to raw materials—principally flour, sugar and salt.

We also wanted a place that is central to all the major metropolitan areas of the West.

Q. And MOA met both requirements?

Mr. Leach: Yes. Flour comes from our own mills in Oregon. Sugar—both cane and beet—and salt are refined in or near the area. Low cost natural gas, electricity and water are present in abundant supply. Packages, bags, shipping containers, labels—everything we need in that line—are available.



Q. And you find MOA good for distribution?

Mr. Leach: We make real savings in shipping to customers in major markets or to our network of distribution centers

serving markets throughout the West. Obviously, these savings affect profits favorably. We also save in shipping time—an important factor in helping us maintain the freshness for which our products are famous.

Q. We'd be safe in saying, wouldn't we, that the MOA plant has worked out well for Sunshine Biscuits?

Mr. Leach: We're very well satisfied.

Our sales volume has increased each year. We've made three large additions to our plant. Number of employees has more than doubled. We've added a number of new products to those we produce here. County and city governments are most cooperative. We're happy over future prospects, too. New population is moving into the West so fast as to constantly exceed the most liberal estimates of the experts. This not only expands our market but also assures continuance of the excellent supply of skilled labor.

Q. Would you advise other firms to establish branch plants here?

Mr. Leach: On the basis of our experience, I'd say that MOA should be considered very seriously by any manufacturer who is planning to sell and serve his western markets more efficiently and profitably through branch plant operation.

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For full information on the Metropolitan Oakland Area, write today for Free Factfile. Concise, thumb-indexed Data Sheets provide a complete "preplant" survey of climate, markets, living conditions, transportation networks, sources of supply and available plants and plant sites.

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ciently without breaking its oxide sheath.

• **Earlier Try**—This isn't the first time aluminum producers have suggested using anodized coatings for electrical insulation. Last year Reynolds Metals announced that it had developed a flat aluminum strip for use as an insulated conductor (BW—Sept. 24 '55, p. 72). The company made no claims of increased ductility for its coated strip, said it got around the cracking and chipping problem by mechanical design. A flat strip, being thinner than round wire, puts less strain on the coating when it is wound in a coil. The flat strips also can use the coil space more efficiently, since no waste space occurs between windings as it does with round wire.

But substituting flat strip is not so simple as changing types of wire. You have to redesign your electrical equipment if you are going to use the flat strip for coil windings. And different coil winding machines may be required.

• **Advantage**—Anodized wire, on the other hand, can be used with standard coil winding equipment. According to Alcan, minor redesign of components can accommodate the thicker wire needed to duplicate the conductivity of copper.

Electrical manufacturers are trying out the anodized wire to see if it stacks up with initial claims made for it. If it does, they expect to get cheaper coils that will operate at higher temperatures, plus a bonus in reduced equipment weight.

PRODUCTION BRIEFS

A V-8 automobile engine block, die cast in aluminum, is being designed by Doehler-Jarvis Div. of National Lead Co. The goal is a one-piece block, weighing between 50 lb. and 70 lb., with no undercuts, no heavy walls, and with all holes cast in. D-J has already tested six-cylinder blocks die cast in aluminum.

• **Radioactive Caesium 137** has a new use: McDonnell Aircraft Corp. has found that it can help ferret out rivet bucking bars and other small tools left lying around loose in planes ready to be flown. A small radioactive source is imbedded in each tool, and a scintillation counter can spot the stragglers.

• **Acrylonitrile capacity** will be doubled by American Cyanamid Co. by expanding its \$50-million plant at Portier, La. The petro-chemical is a key material in making such synthetic textile fibers as Orlon, Dynel, and Acrilan, and is used in synthetic rubber and some plastics.



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NEW PRODUCTS



Movie Camera Adjusts Own Lens

Many an amateur movie cameraman adjusts his equipment by guess and by gosh; often he ends up with a reel of film that's under-exposed or over-exposed, or maybe a little of both. Now Bell & Howell has a 16-mm. camera that makes the tyro an expert. The lens opening is adjusted automatically for all lighting conditions, even for shots of an object moving from light into shadow.

The B&H unit has a photoelectric cell mounted next to the lens, and a battery-operated motor. The intensity of light activates the cell, and the electric impulses it generates control the motor. If the average light entering the cell is great, the lens mounting is turned by the motor—just as you would do by hand on an ordinary camera—and the light-control diaphragm is closed. Under low light conditions, the motor reverses itself. The adjustment is swift; there's a fade-in effect if the lens is turning while the camera is running.

The unit can be adjusted to any type of film, including color. For special effects the automatic controls can be disconnected. If the available light is inadequate, a red warning flag drops down in the view finder.

The electric eye and the motor are powered by six tiny mercury batteries of the type used in hearing aids. A set of six should last more than a year. The camera comes equipped with a 20-mm. f/1.9 lens for general use. Wide angle and telephoto attachments are optional.

Retail price of the camera—the 200-EE—is \$289.50. A set of batteries costs about \$3.

NEW PRODUCTS BRIEFS

Weighing patients in bed is the job of a new portable hospital scale developed by Baldwin-Lima-Hamilton Corp., of Philadelphia. The bed, complete with patient, is raised off the floor by air pressure and the weighing is done electrically. The unit deducts the weight of bed and bed clothes. Price: about \$4,000.

A sun-powered portable radio, said to operate satisfactorily even on overcast days, has been developed by Admiral Corp. of Chicago. The unit is fully transistorized, and converts sunlight, or artificial light, to electricity with a small attachment made of 32 silicone cells. At night the unit works on flashlight batteries. Price of the radio is \$59.95; the sun power attachment costs \$175.

A pocket tape recorder with an automatic rewriter is made by Dictaphone Corp., of New York. It weighs only 2½ lb. and is powered by two small batteries. A magazine-loaded tape gives a full hour of recording and can be erased automatically for re-use. Price: \$289.

Catching fish by their noses: A new aerosol spray to lure fish is made by Robert J. Kerr Chemicals, Inc., of Park Ridge, Ill. Five varieties are available—for trout, salt water fish, carp, bass and pan fish, and catfish. The sprays—\$2.95 for a 3-oz. container—are designed to stay on the bait or lures for several hours.

Keeping refrigerant gases dry is the job of a new unit developed by Ansul Chemical Co. of Marinette, Wis. A container of a jelly-type alumina drying agent fits into the refrigerant line to absorb water and acids; there's a warning strip that turns from blue to pink if the moisture content gets too high. Prices range between \$7.60 for an 8 cu. in. unit and \$10.85 for 30 cu. in.

Copies without carbon paper are possible with a new typewriter attachment called Cop-Eez. The device made by Ribbon Copies Sales Corp. of America, in Cleveland, controls from one to five extra ribbons that slip between the several sheets of paper in the machine. During typing, they move along at the same rate as the regular typewriter ribbon.

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The Great Change in Retrospect

After 17½ years as editor of the distinguished British journal, the *Economist*, Geoffrey Crowther has stepped down. And his magazine has conferred upon him the greatest honor it has to give—a by-line, the first it has used since Crowther's predecessor, Lord Layton, wrote his farewell piece in 1938. Doubtless other well-deserved honors will come to Crowther, but none will mean more to his editorial confreres on this side of the Atlantic.

Crowther approached the task of writing his valedictory address with that blend of modesty, wit, and wisdom that has come to characterize his journal; suddenly one realizes how much the *Economist's* anonymous voice has been the voice of Crowther.

"What to say?" the retiring editor began. "Any one who for long pursues the calling of a jobber in opinions eventually arrives at the condition of an intellectual slot machine. If a penny is inserted, either by the asking of a question or by the happening of an event, then the wheels will turn and a nicely packaged opinion will emerge. But if the machine is invited to provide some general reflections on a subject of its own choosing, without text, it remains dumb." Crowther chose the first penny that came to hand, that of retrospect—retrospect over the years that stretched from the night of Munich—the very night he became editor of the *Economist*—to 1956, the year of Bulge and Krush.

What did Crowther find the most important change since the awful year of Munich? Not the invention of The Bomb; it has not yet made much difference in the conduct of foreign affairs. Not the emergence of Soviet Russia as a potentially aggressive power; his nation's problem has always been how to contain whoever was the potential master of the Continent.

The important change, says Crowther, is neither of these but "the emergence of the United States as a full-time great power, and its willingness to form and lead a Grand Alliance." This development means that "for the first time in modern history, the defending powers are virtually as strong, and as ready, as the potential aggressors." This, he concludes, is the world's best assurance of peace.

Crowther does not let the matter rest there. From history he draws the lesson, not that nothing ever changes, but that one must always beware of things' changing back. Americans, Crowther warns his fellow Europeans, can change again and relapse—"hardly, indeed, into the indifference of the twenties and thirties, but into a sort of wary disengagement which, in its practical effects, might be almost as bad."

What's astonishing, he finds, is how many people

in the European democracies seem anxious to do all they can to make Americans change their minds. The cardinal point in Crowther's last piece—the point on which the security of the West depends—is his insistence that the alliance "should be fostered, not indeed by subservience (which is neither expected nor necessary) but by all the loving care that one would lavish on a precious plant now in full flower, but which might yet wither on the stalk."

In response to which, we'd like to confer upon Geoffrey Crowther *BUSINESS WEEK's* accolade: complete and unqualified agreement.

Step Toward Peace

The threat of war in the Middle East has been abated, temporarily at least, by the announcement of a cease-fire agreement between Egypt and Israel. Tempers still are hot, and the issues blocking a permanent settlement remain, but the agreement to end the series of attacks and counter-attacks that could have ignited an all-out war is the first constructive step in the direction of peace.

Until now, it has been difficult for the outside world to know which side was more responsible for the violence. On one hand, the Egyptians have regularly infiltrated the Israeli frontier with small raiding parties. On the other, the Israelis, beginning with the large-scale attack across the Gaza Strip in February, 1955, have resorted to large-scale reprisals that incited the entire Arab world. Clearly, it was as if lighted matches were being tossed at a powder keg.

The seriousness of the situation prompted the United Nations to send its general secretary, Dag Hammarskjöld, on a mission to the trouble spot. Considering the inflamed tempers of the opposing governments and the charges that each has hurled at the other, Hammarskjöld's ability to forge an agreement ranks as a real achievement.

By getting both sides to agree unconditionally to respect each other's frontiers, he has, in effect, put both under a microscope. If there is a violation of the agreement, the world will be in a better position to judge which side is to blame and to take appropriate action against the aggressor.

It is far better that such an agreement was forged through the medium of the United Nations than by any single nation or alignment of blocs. One of the main functions of the United Nations is to act as a peacemaker. Although it has not always been used for this purpose, the job that it has done within the past few weeks in the Middle East is alone enough to justify its existence.

FAFNIR BUILDS PLANT NO.

6

**New five-acre plant at
Newington, Connecticut will streamline
machining and heat treating operations**

Fafnir Plant No. 6, now nearing completion, will house the most modern machining and heat treating equipment and will provide for economical storage and handling of steel.

The opening of this large plant represents an increase in floor area of about 20% and an important step in a long-range program to speed production of over 10,000 types and sizes of Fafnir ball bearings and ball bearing units. The plant occupies one corner of a hundred-acre site which will make possible a four-fold expansion.

Fafnir's 18 strategically-located branch warehouses and its coast-to-coast network of authorized distributors will soon reflect the added productive capacity which these new facilities make possible.

The Fafnir Bearing Company,
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for any purpose . . . all
made to the highest
standards of quality.

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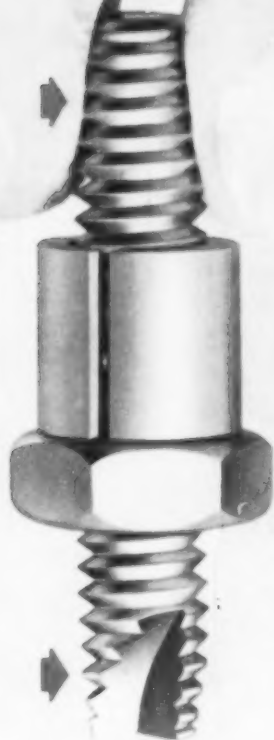
Line in America





Pre-assembly Cuts Production Costs

Both ends are put to work



SHAKEPROOF engineers, called in by a leading manufacturer for a "Fastening Analysis", pre-assembled a thread-cutting feature into a special shoulder stud. Because of this pre-assembly and design ingenuity, a costly tapping operation was eliminated and an expensive machined part was replaced.

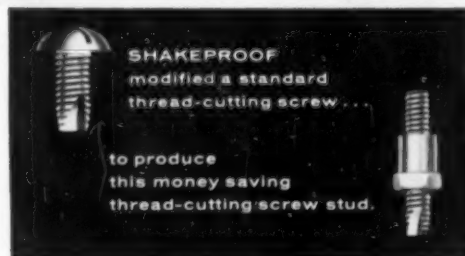
You, too, can benefit through SHAKEPROOF pre-assembly and creative engineering. A "Fastening Analysis" of your product can show you how hand-operations and valuable mass-assembly time can be reduced . . . how pre-assembly combines fastening functions to lower production costs and improves product quality.

Phone, wire or write for a SHAKEPROOF "Fastening Analysis" today!

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SHAKEPROOF modified a standard thread-cutting screw . . .

to produce this money saving thread-cutting screw stud.

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